

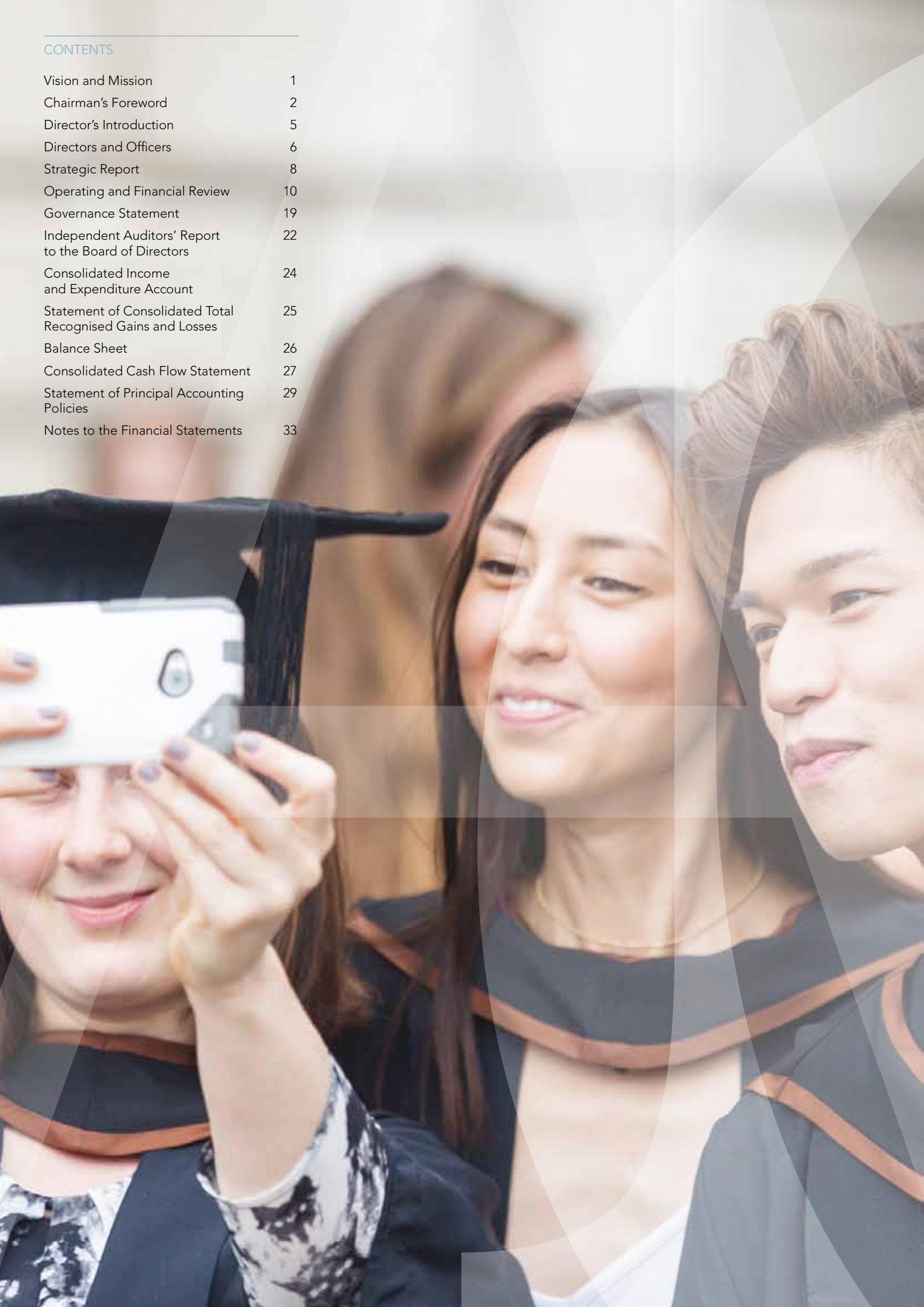
ANNUAL REPORT

AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

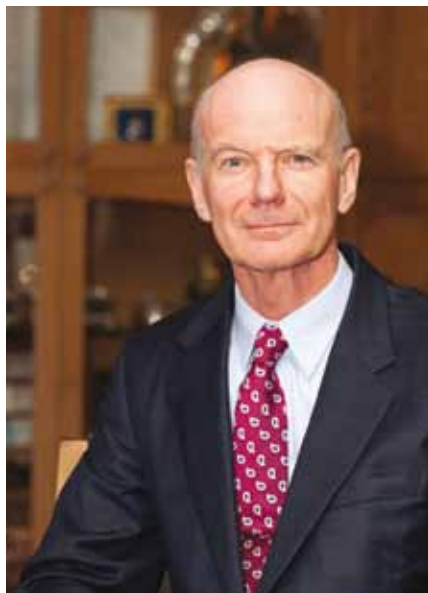


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CHAIRMAN'S FOREWORD



A handwritten signature in dark ink, reading 'James Hughes-Hallett'.

James Hughes-Hallett
Chairman of the Governing Board,
The Courtauld Institute of Art

OUR REPUTATION AS THE
WORLD'S LEADING CENTRE FOR
THE STUDY OF ART HISTORY
WAS RE-INFORCED WHEN THE
QUALITY OF OUR RESEARCH
WAS RANKED FIRST IN THE
HIGHER EDUCATION SECTOR
BY THE GOVERNMENT'S 2014
RESEARCH EXCELLENCE
FRAMEWORK PEER REVIEW



2014/15 has been a truly outstanding year for The Courtauld Institute of Art.

- Our reputation as the world's leading centre for the study of art history was re-inforced when the quality of our research was ranked first in the higher education sector by the Government's 2014 Research Excellence Framework (REF) peer review.
- The exceptional quality of our teaching was endorsed by our final year undergraduate students who were 100% satisfied with teaching at The Courtauld (2014 National Student Survey [NSS]).
- Our distinctive and successful programme of temporary exhibitions and displays helped attract over 280,000 visitors to The Courtauld Gallery, the highest ever annual attendance for an academic year.

These are tremendous achievements and demonstrate that we have made excellent progress this year towards achieving the objectives set out in our Strategic Plan to 2019 (see page 8). In particular, our desire to give all of our students a consistently excellent experience and our ambition to play a leading role in developing scholarship and teaching in art history, conservation and curating. A further key objective for The Courtauld is to extend and widen its audiences, including attracting more younger visitors. Our short courses and study trips aimed at a wide range of public audiences were in high demand, with many sold out and operating waiting lists.

Courtauld Connects, our exciting project to transform access to The Courtauld and our collections through physical redevelopment and organisational change, has taken several important steps forward this year. In August 2014, architects Witherford Watson Mann were appointed and the process of consulting with internal stakeholders and external stakeholders such as Historic England and Westminster City Council is well underway. Early funding pledges and gifts have been received for the project and relationships developed with potential museum partners from areas where the Courtauld family had a manufacturing presence including Preston, Hull, Coventry and Braintree in Essex.

2014/15 has also brought its challenges. Responding to the on-going and very real changes in the external funding environment has highlighted the need to look in great detail at issues of sustainability and financial robustness, key factors in our planning cycle as we seek to meet the needs of our students, visitors, our staff and our many stakeholders. During the year to 31 July 2015 we raised £2.5m in new endowment funds, and generated total returns on investment of £3.5m. After draw-down, the combined portfolio has increased from £36.5m in 2013/14 to £39.2m. However, as reported later in the Financial Statements, 2014/15 has been a challenging year largely due to essential estate-related costs stemming from fabric repairs to our buildings.

Sir Nicholas Penny, Sir Angus Stirling and Anna Somers-Cocks retired from the Governing Board and I would like to thank them for their considerable contributions to The Courtauld. I would like to welcome Edward Dolman, Chairman and CEO of Phillips Auction House and Peter Budd, Director of Ove Arup and Partners Ltd who joined the Board in July.

The wide range of excellent, innovative and ambitious activities set out in the pages that follow were only made possible through the hard work of Courtauld staff and volunteers and the support of our generous and committed supporters and sponsors. These efforts have sometimes involved working in partnership with schools, colleges, galleries, museums and other organisations dedicated to removing barriers that deny people the benefits of understanding and experiencing art. On behalf of the Governing Board, I would like to thank you all for your commitment to the continuing success of The Courtauld. Our plans for the coming year are no less ambitious; your contributions have never been more important.



Portrait of a woman, 17th century
oil on canvas, 17th century
National Gallery, London



Portrait of a woman, 17th century
oil on canvas, 17th century
National Gallery, London
In 1671, John Smith painted the portrait of a woman, possibly a member of the aristocracy, wearing a dark dress and a white headscarf. The woman is looking slightly to the right of the viewer. The painting is executed in a simple, sketchy style, with visible brushstrokes and a focus on the woman's face and headscarf. The background is dark and indistinct.





Professor Julian Stallabrass giving his lecture 'Elite art in an age of populism' as part of the Frank Davis Lecture Series

DIRECTOR'S INTRODUCTION



A handwritten signature in black ink, reading 'Deborah Swallow'.

Professor Deborah Swallow
Märit Rausing Director

IN THE 2014 NSS, STUDENTS NOTED THE QUALITY OF TEACHING AT THE COURTAULD AND THE PASSION OF OUR STAFF WITH ONE STUDENT COMMENTING "THE LECTURERS ARE INSPIRATIONAL"



The Courtauld's mission is to open minds to the power of art as central to human experience. Opening up The Courtauld lies at the heart of our Strategic Plan to 2019 and the work we have been doing on the Courtauld Connects project. This Annual Report summaries many of the outstanding achievements of the past year in support of our mission and remit to advance understanding of art through access to our world-leading expertise and collections, exhibitions and debate.

As the Chairman highlights, this has been a year of success and innovation. The opening of our new Gilbert and Ildiko Butler Drawings Gallery, a former storage room, demonstrates just how inventive The Courtauld can be. This wonderful new gallery provides a dedicated space for our collection of over 7,000 drawings. The collection includes major drawings by such outstanding artists as Dürer, Michelangelo, Rembrandt and Turner as well as lesser-known artists. The opening exhibition *Unseen* highlighted the range and variety of our collection. Up to five displays will be organised annually and will provide a platform for research, encouraging the development of new approaches in the study of drawings. The programme will enable the Gallery to further extend its collaboration with national and international partners.

Sitting at the heart of The Courtauld is The Research Forum, our centre for research communication and collaboration and our creative hub. The Research Forum continued to thrive this year as detailed later in this Report. One event I want to highlight is the 2014 Frank Davis Lecture Series. This annual series of lectures was established in 1989, as a result of a bequest from the F.M. Kirby Foundation, in honour of Frank Davis, who was a critic for *Country Life* magazine. The 2014 series celebrated the range and depth of research of some of The Courtauld's distinguished professors with subjects ranging from explorations of early and contemporary examples of globalisation to how technical examinations of paintings can inform art historical analysis and an analysis of William Morris' printed fabrics.

The Research Forum would not have come into existence in 2003 without the Andrew W. Mellon Foundation. I would like to thank the Foundation for their extremely generous support over the last 12 years. I would also like to thank The Sackler Trust who will be

funding Research Forum programmes from the 2015/16 academic year with continuing support from the Andrew W. Mellon Foundation. The Foundation has pledged \$750,000 to create an endowment for the Forum. This pledge has been matched by one of our supporters who has asked to remain anonymous.

Teaching at The Courtauld is research-led at every level. In the 2014 NSS, students noted the quality of teaching at The Courtauld and the passion of our staff with one student commenting "the lecturers are inspirational".

This year our academics continued to publish books and articles on a wide range of subjects securing funding for major research projects. There are too many publications to mention and further information can be found later in this Report but it is worth singling out Dr Gavin Parkinson's eagerly awaited *Futures of Surrealism. Myth, Science Fiction and Fantastic Art in France, 1936–1969* (Yale, 2015), the first detailed account in English of the trajectory of the French Surrealists in the 1950s and 1960s.

Our students continued to excel in all that they do. 'The Next Frontier' was the title of a one-day conference organised by Courtauld students as part of a global set of TEDx (Technology, Entertainment, Design) events. The conference, which was the second TEDx talk at The Courtauld, asked speakers from different areas of society what they believe to be the next frontier for their field. Speakers included Professor Geoffrey Raisman, Director of the Spinal Repair Unit at UCL and Mala Tribich, a Holocaust Survivor and member of the Holocaust Education Trust. The event was a sell out and was broadcast on the web to viewers in 75 countries across six continents.

The Chairman highlighted our outstanding performance in the 2014 REF and the 2014 NSS. These results, along with Gallery visitor numbers at levels higher than have previously been achieved, are an endorsement of the extraordinarily high quality of our teaching and research activity, the quality of our exhibition and display programme and indeed of all that we do at The Courtauld. Every member of staff has contributed to this success and it gives me great pleasure to thank colleagues for their ongoing commitment for what is sure to be a most exciting future for us all.

DIRECTORS AND OFFICERS

GOVERNING BOARD

The Courtauld Institute of Art is a company limited by guarantee (company no. 4464432) and an exempt charity for the purposes of the Charities Act 1993 under the exempt charities order 2002 No. 1626. As such the members of the Governing Board are both company directors and charity trustees. The members of the Board who served during the year and up to the date of signing these financial statements were:

Ex officio

Professor Deborah Swallow ^{1,2,3,4,5,6,9,10,11,12}
*(Märit Rausing Director,
 The Courtauld Institute of Art)*
 Dr James Cuno ^{1,2,8}
(President, The J Paul Getty Trust)
 Andrew Adcock ^{1,2,4,7}
(Chair, Samuel Courtauld Trust)
 Hetty Uttley ^{1,4,12}
*(President, The Students' Union)
 (until 31 August 2015)*
 Gregory Wilkinson ^{1,4,12}
*(President, The Students' Union)
 (from 1 August 2015)*

Appointed Members

Mr Peter Budd (from 9 July 2015)
 Professor Geoffrey Crossick ^{1,4,8}
 Mr Ed Dolman (from 9 July 2015)
 Dr John Garcia
 Dr Martin Halusa ^{6,9}
 Mr James Hughes-Hallett ^{1,2,4,6,8,9,10,11}
(Chairman)
 Ms Daniella Luxembourg ⁶
 Sir Nicholas Penny ^{4,8} (until 9 July 2015)
 Ms Anna Somers Cocks ^{6,12} (until 9 July 2015)
 Sir Angus Stirling ^{3,9} (until 18 March 2015)

Members of the Academic Staff elected from their own number

Professor Susie Nash ¹ (until 9 July 2015)
 Dr Tom Nickson ¹²
 Professor Joanna Woodall ³ (until 9 July 2015)

Members of the Non-Academic Staff elected from their own number

Stephanie Buck (from 24 November 2014)
 Janine Catalano (until 31 October 2014)
 Alasdair Sowerby (from 24 November 2014)
 Dr Barnaby Wright ⁴ (until 31 October 2014)

Senior Management Team

The Senior Management Team (SMT) is responsible for the day-to-day operation of the company. The members of the SMT are as follows:

Professor Deborah Swallow,
Märit Rausing Director
 Dr Alixe Bovey,
Head of Research (from 5 January 2015)
 Ms Emma Davidson,
Director of Development (until 19 June 2015)
 Ms Hannah Joyce,
Acting Director of Development
 (from 22 June 2015)
 Mr Michael Sherry,
Head of Marketing and Communications
 Professor David Solkin,
Dean and Deputy Director
 Mr Robert Thorpe,
Director of Operations
 Dr Ernst Vegelin,
Head of The Courtauld Gallery

Auditors

KPMG LLP

1. Member of the Finance Committee
2. Member of the Investments Committee
3. Member of the Estates Committee
4. Member of the Gallery and Academic Committee
5. Member of the Academic Promotions Committee
6. Member of the Development and Alumni Committee
7. Member of the Audit Committee
8. Member of the Remuneration Committee
9. Member of the Nominations Committee
10. Member of the Honorary Degrees Committee
11. Member of the Honorary Fellows Committee
12. Member of the Marketing and Communications Committee



STRATEGIC REPORT

A requirement of the Companies Act introduced in 2013/14, was that the Annual Report and Financial Statements include a Strategic Report giving a fair review of the company's business and a description of the principal risks and uncertainties facing The Courtauld.

There are two facets to The Courtauld's core business – the university and the Gallery. A college of the University of London, the university focuses on teaching and research in the areas of art history, the conservation of wall and easel paintings and curating as well as offering commercial short courses and accommodation for our students. The Gallery cares for one of the world's most famous collections of paintings, drawings, sculpture, and decorative arts, ranging from the Renaissance to the 21st century. The Gallery provides valuable support for teaching and research to students and academic staff throughout the UK higher education sector. Underpinning both sides of The Courtauld's core business are a range of facilities and services in support of key activities.

As the Chairman and Director note at the start of this Annual Report, this has been a year of many successes for The Courtauld, not only in the 2014 REF and 2014 NSS but also in university league tables (we were ranked first for Art History in the 2015 *Sunday Times Good University Guide*) and in the media coverage of our exhibitions and displays.

A key focus this year has been the implementation of our new Strategic Plan to 2019. The objectives of the Strategic Plan are to:

- Give all students a consistently excellent experience
- Play a leading role in developing scholarship and teaching in art history, conservation and curating, in dialogue with other fields of enquiry
- Develop our public offer at the highest level of quality that increases our reputation and builds and extends audiences
- Secure the sustainability of The Courtauld
- Take advantage of new technologies to support our Mission
- Ensure the infrastructure of the estate and its facilities are fit for The Courtauld's needs

Whilst -

- Optimising the skills and talents of our staff and promoting a collaborative culture.

The achievements summarised in this Annual Report demonstrate the excellent progress that has been this year towards the delivery of these objectives.

We derive our income from a range of sources including from the Higher Education Funding Council for England (HEFCE), from research grants and contracts, tuition fees, Gallery admissions income to the permanent collection and temporary exhibitions and displays, fees for short course and student accommodation and commercial income from accommodation, the Gallery Café, shop and corporate hire. Our single largest source of funds is from philanthropic income. Our endowment fund plays a key role in supporting our on-going financial sustainability and we are therefore mindful of the need to balance releases from the fund to offset revenue and capital expenditure with the need to grow the fund to support The Courtauld in the longer term. As a result, we operate a policy of restricting releases to no more than the amount required to break-even in its management accounts so as to protect the long-term value of the fund.

The consolidated results for the group this year show a deficit of £769,000 compared to a surplus of £38,000 last year. The operating surplus for the group was £469,000 compared to an operating deficit of £764,000 last year. Included within these results is a provision for maintenance of £928,000 as a result of condition survey that was completed during 2014/15. The remainder of the movement on the operating outturn is the result of the relative performance of The Courtauld's endowment investments during the year, and the SORP treatment of releases from those funds.



Strategic Plan 2015-19



COURTAULD CONNECTS

The nature of our operating structure, in which, as noted above, we draw on income from our endowment only to the point where we break-even in our management accounts means that many of the KPIs used by HEFCE to assess performance are not particularly relevant to The Courtauld. However it is worth noting the following measures in respect of the 2014/15 financial year:

- Discretionary reserves as at 31 July 2015 stood at £11.717m, or 69.5% of total income;
- Total external borrowing as at 31 July 2015 represent just 4.7% of total income; and
- Staff costs for the year represented 40.9% of total income.

We believe that these measures, which compare favourably with sector averages in each case, demonstrate the soundness of our financial model, and provide a platform on which to build as we continue to develop and implement our Courtauld Connects project (see below) to redevelop our estate and remodel our business plan for the years to come. During the course of 2015/16 we intend to continue to develop a range of non-financial KPIs to further assist in measuring our performance. It is likely that these will include, amongst others, measures around student recruitment, student satisfaction and staff and student retention.

Principal risks and uncertainties

The framework for identifying and assessing risks, and monitoring the management of those risks is set out in detail in the Governance Statement under the heading Risk Management and Internal Controls (see page 20). At its most recent review in July 2015, the Governing Board identified the following key risks affecting the future prospects of The Courtauld:

- Failure to achieve and maintain financial sustainability;
- Failure to meet fundraising targets; and
- Failure to recruit sufficient students of the appropriate academic standards.

While all three risks have a financial impact on The Courtauld, there is also a clear understanding on the part of the Senior Management Team, the Governing Board and the sub-committees with day-to-day responsibility for monitoring the management of these risks of the potential serious risk to The Courtauld's reputation if any of the risks come to be realised. Indeed, the question of reputational risk is common to all sub-committees of the Governing Board, regardless of the potential likelihood or impact of the other risks assigned to them. These risks were taken into consideration when setting the objectives for the Strategic Plan for 2019. The goal of reducing the likelihood and minimising the impact of these risks is also one of the guiding reasons behind The Courtauld Connects project.

Courtauld Connects

As highlighted in the Chairman's Foreword, a key initiative of our Strategic Plan is an exciting and visionary project radically to transform access to The Courtauld and its collections. This project, Courtauld Connects, was a major priority for the period this Annual Report covers. This marks the beginning of a new era for The Courtauld and its relationship with new and existing audiences. The project sets out our plans to redevelop our home within Somerset House and reconstruct our business model to secure a sustainable future for The Courtauld.

In July our Governing Board gave their full support for the implementation of Courtauld Connects. In August award winning architects Witherford Watson Mann (WWM) were appointed following a comprehensive tender process. Structural engineers, service engineers and quantity surveyors were also appointed. WWM are also the architects that developed the plans for the new drawings gallery (see the Director's Introduction and Operating and Financial Review for further information) which opened in January 2015. We have secured several pledges of support for the project and, in response to feedback received from Heritage Lottery Fund, we will be submitting an application for financial support to the HLF in November 2015.

Robert Thorpe
Company Secretary

OPERATING AND FINANCIAL REVIEW

SINCE ITS FORMATION IN 1932, THE COURTAULD INSTITUTE OF ART HAS STRIVEN TO ADVANCE KNOWLEDGE AND UNDERSTANDING OF ART HISTORY, CONSERVATION AND CURATING THROUGH ITS TEACHING AND RESEARCH. THE COURTAULD BELIEVES PASSIONATELY IN PROMOTING AND LEADING GLOBAL PUBLIC EDUCATION IN ITS AREAS OF EXPERTISE, BOTH IN THE UNITED KINGDOM AND AROUND THE WORLD. THE COURTAULD DOES THIS IN MANY WAYS AND BELOW ARE JUST SOME OF THE HIGHLIGHTS AND KEY ACTIVITIES FROM 2014/15.

Research

The Courtauld has some of the world's leading researchers in the fields of art history and conservation. Our reputation in the university and museum worlds was confirmed when we were ranked first for Art History by the 2014 REF Art and Design: History, Practice and Theory Sub-Panel. The REF is the peer review assessment of the quality of research taking place at 155 universities across the UK by HEFCE.

- 56% of the research The Courtauld submitted received the top 4 grade (world-leading)
- 39% of our research was graded 3 (internationally excellent).

As an institution, The Courtauld leads the whole sector for research quality.

Our work with students is research-led at every level, a quality that is highly valued by undergraduates and postgraduates. The high regard in which The Courtauld is held as a research community is also underlined by the success of our staff and students in achieving external appointments and winning research awards. Research by faculty, curatorial staff and our research students and post-doctoral fellows reaches beyond the professional to much wider publics through The Courtauld's own exhibitions and through faculty involvement in other major exhibitions, conferences and lecture programmes, often international in their impact.

Some of the highlights and celebrations this year included:

- A conference in May celebrating 50 years of dress history at The Courtauld. The conference, which was entitled 'Women Make Fashion / Fashion Makes Women', was a sell out and attracted a large audience online through the History of Dress departmental social media channels. The celebrations also included a display in The Courtauld Library of dress historiography, showcasing the study of books that have shaped the study of fashion from 1598 to the mid 20th century.

- Celebrations for the 10th anniversary of *Immediations*, The Courtauld's peer-reviewed Postgraduate Research Journal. *Immediations* features submissions of new research by current members of The Courtauld's postgraduate and by pre-doctoral and recent post-doctoral scholars who have spent part of their postgraduate career at The Courtauld.
- Gothic Ivories', The completion of an extensive research documentation and networking project. Taking as the starting point the photographic resources of The Courtauld's Conway Library, which represent over 1,500 ivory objects in private and public collections, the Gothic Ivories Project is a database which includes all readily available information on each Gothic ivory, accompanied by at least one image. Over 400 institutions in 27 different countries contributed to the project. Nearly all of these collections are available online – 5,113 entries, illustrated with 14,233 images. This represents nearly 90% of the global corpus. The project, which was generously supported by Lord Thomson and Sir Paul Ruddock, was directed by The Courtauld's Professor John Lowden, with Dr Catherine Yvard as Project Coordinator.
- 'The Dissolution of Photography' a panel debate jointly organised by Professors Julian Stallabrass (The Courtauld) and Olivier Richon (Royal College of Art) as part of the 2015 Photo London Festival at Somerset House.

This year our Research Forum was renamed The Sackler Research Forum thanks to a £1m donation from the Sackler Trust to support the Forum for five years. The Sackler Research Forum is The Courtauld's centre for research communication and collaboration. Over the last ten years, the Forum has significantly enhanced and expanded its links with a wide range of national and international partners through academic events and invitations to visiting professors, curators and conservators and it engages in a wide range of collaborative research projects.

Participation in the Research Forum's programme of work this year was high with engagement at all levels of The Courtauld and great momentum for continuing success. The 2014 Frank Davis Lecture Series was noted in the Director's introduction. The Spring 2015 Friends Lecture Series explored facets of the visual cultures of Iran. Funded by the Friends of The Courtauld and Iran Heritage Foundation, the lecture series explored projects ranging from paintings in manuscripts of classical Persian poetry to contemporary installation projects, and from mural and pottery paintings of the early Islamic period to the medieval objects of devotion; the speakers examined fresh material and provided new methodological perspectives to the study of the arts of Iran.

Research Grants

This year Dr Antony Eastmond was awarded a grant of \$215,000 from the Getty Foundation, for the project 'Connecting Art Histories in the Medieval Caucasus: Christianities, Islams and their Intersections'. The Getty's Connecting Art Histories programme seeks to strengthen art history as a global discipline by fostering new intellectual exchanges among scholars in targeted regions whose economic or political realities have previously prevented collaboration. Dr Eastmond's project aims to bring together a small group of established and junior scholars working in Turkey, Georgia and Armenia, with those who also work on these regions but are based elsewhere in Europe and the USA, in order to open up a more international art history across the region and encourage dialogue across borders.

Thanks to the support of the British Academy, our new Head of Research Dr Alixe Bovey has brought her mid-career fellowship to The Courtauld. This £113,000 grant is supporting a book project entitled *Giants in the City: Mythic History as Material Culture in London from the Middle Ages to the 21st Century*.

Publications

Publications this year included:

- *Rococo Echo: Art, History and Historiography from Cochin to Coppola*, Katie Scott co-edited with Melissa Lee Hyde, Oxford University Studies in the Enlightenment (2014). In addition to Katie Scott's foreword, this volume includes articles by Courtauld faculty Rebecca Arnold, Satish Padiyar, and Sarah Wilson.
- *Persian Kingship and Architecture: Strategies of power in Iran from Achaemenids to the Pahlavis*, Sussan Babaie co-edited with Talinn Grigor, IB Tauris (2015)
- *Surrealism, Science Fiction and Comics* Edited by Gavin Parkinson, Liverpool University Press (2015)
- *Futures of Surrealism: Myth, Science Fiction and Fantastic Art in France, 1936-69*, Gavin Parkinson, Yale University Press (2015)
- *Art and Migration: Netherlandish Artists on the move 1400-1750*, Joanna Woodall with D Meijers and F Scholten (eds), Nederlands Kunsthistorisch Jaarboek 63, Brill (2014)
- *Painting in Britain 1500 – 1630*, Aviva Burnstock coedited with Tarnya Cooper, Maurice Howard and Edward Town, Oxford University Press (2015)



Learning and Teaching

A key objective of the Strategic Plan to 2019 is for The Courtauld to give all its students a consistently excellent experience. Our superb performance in the 2014 NSS (as noted in the Chairman's Foreword) demonstrates that we are making excellent progress towards the delivery of this objective. The Courtauld attracts students from across the world and from diverse backgrounds. We aim to offer our students an excellent and unique experience that draws on the research intensive nature of The Courtauld. Examination results continued to reflect the high quality of our student body and external examiners were full of praise for the teaching on all programmes. This year:

- 45 students were awarded the BA History of Art of whom 20 achieved First Class Honours
- 27 students were awarded the CGDHA (Pass), of whom 20 were eligible to go on to the MA
- 150 students were awarded the MA History of Art, of whom 81 achieved Distinctions.
- 11 students were awarded the MA Curating the Art Museum of whom 2 achieved Distinctions
- 6 students were awarded the MA Buddhist Art: History and Conservation
- 5 students were awarded PG Diploma in Easels (Pass)
- 25 students were awarded PhD's

2014/15 total student numbers

BA History of Art	164
Courtauld Graduate Diploma	30
PG Diploma in Conservation of Easel Painting	15
MA in Conservation of Wall Painting	7
MA History of Art	158
MA Curating the Art Museum	23
MA Buddhist Art	12
MPhil and Research	140

Total	549
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The Courtauld's faculty was strengthened with new permanent appointments:

Dr Alixe Bovey joined The Courtauld as Head of Research in January. Dr Bovey will play a key role in continuing to define and drive the strategic direction of The Courtauld's research, research funding and the development of its profile as a world-leading university. She is responsible for the delivery of The Courtauld's Research Forum's programme, integrating it fully into the strategy and wider work of The Courtauld as a whole. Joining The Courtauld from the School of History at the University of Kent, Dr Bovey held posts as both Senior Lecturer in Medieval History and as the Director of the Centre for Medieval and Early Modern Studies at Kent. Prior to this appointment, she held the post of Curator in the British Library's Department of Manuscripts, having obtained her PhD at The Courtauld, working with Professor John Lowden. A Fellow of the Society of Antiquaries and of the Royal Historical Society, Dr Bovey's current research projects include 'Giants and the City, Mythic History as Material Cultural in London from the Middle Ages to 21st Century', funded by the British Academy.

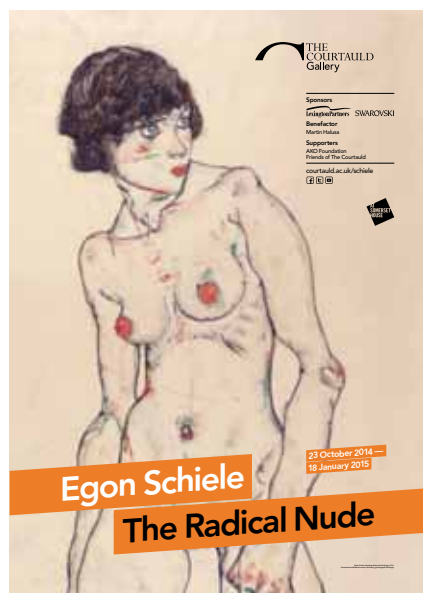
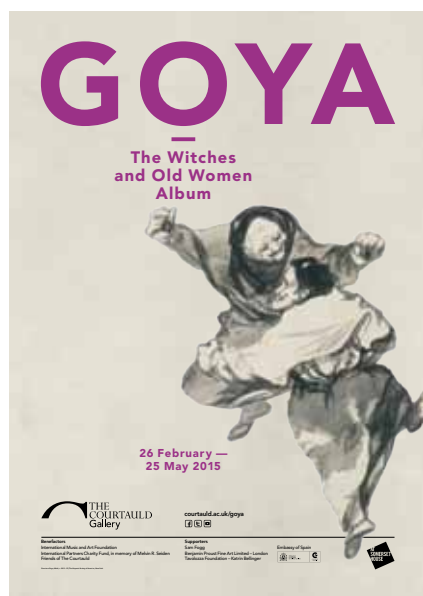
Sybilla Tringham was appointed to a lectureship in Conservation of Wall Paintings. Sibylla joined the faculty of the Conservation of Wall Painting Department in January 2015, having supervised major Conservation of Wall Paintings field programmes and acted as a part-time visiting lecturer. As well as lecturing on the Courtauld MA, Sibylla supervises dissertations and fieldwork (currently in Bhutan, Georgia and India) and has served on the Department's International Advisory Board since 2011.

Honorary Doctorate and Honorary Fellow

At the Presentation Ceremony in July, Dr Valerie Steele, Director and Chief Curator of The Museum at the Fashion Institute of Technology in New York, was awarded Honorary degree of Doctor of Letters Honoris Causa. As author, curator, editor and public intellectual, Dr Steele has been instrumental in creating the modern field of fashion studies and in raising awareness of the cultural significance of fashion.

Sir Angus Stirling was awarded an Honorary Fellowship for his service as a Governor of The Courtauld and Trustee of the Samuel Courtauld Trust; for his exacting Chairmanship of the Courtauld Connects Steering Group and for his caring support and personal championing of the values, aims and achievements of The Courtauld.

Poster for 'Women Make Fashion / Fashion Makes Women' conference



The Samuel Courtauld Trust

The Samuel Courtauld Trust is an independent charity that owns the collection cared for by The Courtauld Gallery. Major additions to the collection this year included two works by Frank Auerbach to the collection, *Rebuilding the Empire Cinema, Leicester Square* (1961) and *Summer, Tretire* (1975).

The Courtauld Gallery

With over 280,000 visitors, 2014/15 saw the highest ever annual attendance for The Courtauld Gallery during an academic year. These figures, and the exhibition and display programming that underpins them, are helping widen and diversify audiences for the Gallery and indeed for The Courtauld in general.

This year too saw the opening of our new drawings gallery. Architects, Witherford Watson Mann (WWM), winners of the 2013 Stirling Art Prize, were commissioned to design the new gallery. The project was made possible by a generous gift Gilbert and Ildiko Butler, in whose honour the space was named. They have been joined in funding the project by an international group of collectors and drawings enthusiasts. The Gilbert and Ildiko Butler Drawings Gallery provides a dedicated space for drawings at the heart of The Courtauld Gallery. WWM converted a former storage facility on the mezzanine floor to create an intimate space in which visitors can enjoy a dynamic programme of special displays. The Courtauld Gallery's collection of drawings incorporates over 7,000 works including major drawings by figures such as Dürer, Michelangelo, Rembrandt and Turner alongside many lesser-known artists. The Gallery will organise up to five drawings displays annually which will showcase the collection but will also serve as a platform for research, encouraging the development of new approaches in the study of drawings.

Exhibitions

Jasper Johns: Regrets

12 September – 14 December 2014
This exhibition, which was based upon one originally organised by *The Museum of Modern Art*, New York, displayed major new works by Jasper Johns, one of the world's greatest living artists. *Regrets* was a haunting series of ten paintings and drawings inspired by an old photograph of Lucian Freud posing in Francis Bacon's London studio. Johns transformed the image by copying, mirroring and doubling it. Unexpectedly, the form of a skull emerged in his new composition. Johns reworked the subject in a variety of media and created works that were experienced as a profound meditation on mortality, creativity and memory.

Egon Schiele: The Radical Nude

23 October 2014 – 18 January 2015

Egon Schiele (1890-1918) is one of the most important artists of the early 20th century and a central figure of Austrian Expressionism. This exhibition, which opened to critical acclaim, brought together an outstanding group of the artist's nudes to chart his ground-breaking approach during his short but urgent career. Schiele's technical virtuosity, highly original vision and unflinching depictions of the naked figure distinguished the works as being among his most significant contributions to the development of modern art. This exhibition provided an opportunity to see more than thirty of these radical works assembled from international public and private collections.

Goya: The Witches and Old Women Album

26 February – 25 May 2015

This was a major exhibition which reunited all the surviving drawings from Goya's 'Witches and Old Women Album' for the first time, offering a fascinating and enlightening view of a very private and personal Goya. Drawn in the last decade of his life, the album which dates to 1819-23, was never meant to be seen beyond a small circle of friends. Goya gave free rein to his creativity, inventing extraordinary images that range from the humorous to the sinister and the macabre. In this exhibition visitors were invited to discover the private world of Goya's boundless imagination, expressed through visions and nightmares, superstitions, and the problems of old age. Above all the drawings revealed Goya's penetrating observation of human nature. Technical analysis of the drawings established the original order of the pages of the album for the first time.

Johnathan Richardson By Himself

24 June – 20 September 2015

Jonathan Richardson the Elder (1667 – 1745) was one of the most influential figures in the visual arts of 18th century England. A leading portrait painter, Richardson was also a theorist and an accomplished poet and amassed one of the great collections of drawings of the age. Towards the end of his life Richardson created a remarkable but little known series of self-portrait drawings. They show Richardson adopting a wide range of poses, guises and dress, in some cases deliberately evoking other artists, such as Rembrandt, whose work he owned. These remarkable drawings showed Richardson considering and making visual the different aspects of himself. But much more than this, they were the means with which he reviewed his life and achievements.

Special displays

Unfinished... Works from The Courtauld Gallery

18 June – 20 September 2015

This year's Summer Showcase Special Display brought together paintings, sculpture drawings and prints from the Renaissance to the early 20th century that had all been described – rightly or wrongly – as 'unfinished'. Many of the works displayed were set aside by a dissatisfied artist or left incomplete upon their death and provided a fascinating insight into the interrupted artistic process. Others occupied a more ambiguous territory. The impressionists were widely criticised for displaying works that looked unfinished and the late 19th century saw clashes between artistic intention and public reception. These significant works of art allowed visitors to explore what it meant for an artist to consider a work as finished, and what happened when critics disagreed.

The Second Hand: Reworked Art Over Time

18 June – 20 September 2015

Every year, students on The Courtauld Institute of Art's MA programme Curating the Art Museum curate an exhibition at The Courtauld Gallery, working together on all aspects of exhibition-making – research, budget planning, interpretation and promotion. This year, the exhibition was *The Second Hand: Reworked Art Over Time*, an exhibition of historical and contemporary works, in a variety of media, all of which involved one artist actively engaging with the work of another. In some cases this involved physical reworking of the original object, but in others it meant altering, completing or challenging another artist's idea. Drawing mainly from The Courtauld Gallery's own collection and the Arts Council Collection, *The Second Hand* responded to The Courtauld Gallery's Summer Showcase *Unfinished... Works from The Courtauld Gallery*, which was on show in the adjacent gallery.

Jack of Diamonds

18 September 2014 – 18 January 2015

This display of eleven early 20th century Russian avant-garde paintings was a project led by the *Cambridge Courtauld Russian Art Centre*, founded by Cambridge University and The Courtauld, and marked the importance of the Jack of Diamonds group, founded in Moscow in 1910. In Russia the Jack of Diamonds group became one of the most celebrated exhibition societies across the whole Russian avant-garde before 1914, but it remains less well known in the West. The display included works by Mikhail Larionov, Natalia Goncharova, Aristarkh Lentulov, Vladimir Burliuk, Olga Rozanova, and Alexandra Exter, all of whom – both men and women – were equally active Jack of Diamonds contributors.

Immunity from seizure activity 1 August 2014 to 31 July 2015

In January 2010, the Secretary of State granted The Courtauld Gallery approved status under Part 6 of the Tribunals Courts and Enforcement Act 2007 (for the protection of cultural objects on loan) allowing us – where necessary – to apply for immunity from seizure for objects on loan.

We have been granted protection for the following exhibition loans:

Egon Schiele: The Radical Nude **23 October 2014 to 18 January 2015**

Immunity was requested for 26 drawings, only one of which had a fully dated history of ownership from the beginning of the year 1933 to the end of the year 1945.

It was deemed that the risk of third party claims to the works was extremely low. The research into the provenance of these works was thorough and the exhibition curator and Head of Gallery were confident that the documented provenance provided was of no cause for concern.

Therefore in keeping with our Due Diligence Policy we requested immunity from seizure for 26 works and the details of each work were published on the Gallery's website in accordance with the legislation.

Goya: The Witches and Old Women **Album**

26 February to 26 May 2015

Immunity was requested for 13 works, 6 of which had a fully dated history of ownership from the beginning of the year 1933 to the end of the year 1945.

It was deemed that the risk of third party claims to the works was extremely low. The research into the provenance of these works was thorough and the exhibition curator and Head of Gallery were confident that the documented provenance provided was of no cause for concern. Therefore in keeping with our Due Diligence Policy we requested immunity from seizure for 13 works and the details of each work were published on the Gallery's website in accordance with the legislation.

No enquiries or claims were received about these works.

Loans out during the period 1 August 2014 to 31 July 2015

1 March 2012 – 30 April 2015

Goldsmith's Hall

Long-term loan

Woutersz, Woman weighing gold (P.1947.LF.488)

1 November 2012 – 31 October 2015

Victoria & Albert Museum, London

Long term loan to Medieval and Renaissance Galleries

Master of Baroncelli Portraits, Saint Catherine of Bologna with three donors (P.1947.LF.249)

30 April – 21 September 2014

National Gallery, London

Architecture in Renaissance Painting

Master of the Judgment of Paris, Annunciation (P.1966.GP.126)

19 May – 10 August 2014

Tate Britain

Kenneth Clark

Cezanne, Turning Road (P.1978.PG.61)

Cezanne, Study of a Tree (D.1981.XX.4)

24 May – 28 September 2014

Chepstow Museum

Tintern Abbey

Girtin, Tintern Abbey (D.2007.DS.19)

Sunderland, Tintern Abbey (D.1952.RW.838)

Ward, View of Tintern Abbey (D.1952.RW.3318)

24 May – 7 September 2014

Kroller-Muller Museum, Otterlo

Georges Seurat in the Kroller-Muller

Seurat, Study for 'Le Chahut' (P.1948.SC.395)

30 May – 7 September 2014

The Morgan Library, New York

A Dialogue with Nature: Romantic

Landscapes from Britain and Germany
Gainsborough, Wooded upland landscape with cottage, figures and cows (D.2007.DS.16)

Sandby, Old Windsor Green (D.1967.WS.86)

Cozens, A Blasted Tree in a Landscape (D.1967.WS.29)

Wagner, Wooded landscape with stream and oxcart on road (D.1952.RW.65)

Constable, Cloud Study (P.1952.RW.69)

Towne, Near Devil's Bridge, Wales (D.1967.WS.93)

Cozens, A ruined fort near Salerno (D.2007.DS.12)

Turner, Mont Blanc, from above Courmayeur (D.1974.STC.6)

Turner, On Lake Lucerne looking towards Fluelen (D.2007.DS.47)

Girtin, Near Kelso (D.2007.DS.18)

Mendelssohn-Bartholdy, Sketchbook (D.1952.RW.4100)

Turner, Cologne (D.2007.DS.44)

5 July – 29 October 2014

National Museum Wales

Richard Wilson (1714-1782) and the

Transformation of European Landscape Painting

Blanchet, Roman Ruin on the Palatine (D.1952.RW.3939)

- 10 July – 26 October 2014
National Portrait Gallery
Virginia Woolf: Art and Literature
Vanessa Bell, *A Conversation* (P.1935.RF.24)
- 12 July – 5 October 2014
Rembrandt House Museum, Amsterdam
Deaf, dumb and brilliant: Johannes Thopas Master Draughtsman
- Thopas**, *Half-length portrait of a woman, in an oval cartouche* (Portrait of Elisabeth Bas) (D.1952.RW.748)
- 19 July – 14 September 2014
Royal West of England Academy, Bristol
Brothers in Art: John and Paul Nash
Paul Nash, *Palings* (D.1932.SC.40)
John Nash, *Haymaking* (D.1983.XX.3)
- 23 May – 2 August 2014
John and Mable Ringling Museum of Art, Sarasota
- 28 August – 26 October 2014
Canton Museum of Art, Canton, Ohio
- 12 February – 10 May 2015 Oklahoma City Museum of Art
- 5 June – 6 September 2015 Reading Public Museum, Reading, Pennsylvania
Intent to Deceive: Fakes and Forgeries in the Art World
- Van Meegeren**, *The Procuress* (P.1960.XX.269)
10 September 2014 – 25 January 2015
Tate Britain
Late Turner: Painting Set Free
- Turner**, *Margate Pier* (D.2007.DS.46)
Turner, *Falls of the Rhine at Schaffhausen* (D.1974.STC.12)
26 September 2014 – 18 January 2015
Kunsthalle Mannheim
Masterworks of the World
- Cezanne**, *The Card Players* (P.1932.SC.57)
20 September 2014 – 11 January 2015
Victoria & Albert Museum
John Constable: The making of a master
- Rubens**, *Landscape by Moonlight* (P.1978.PG.380)
Constable, *Cloud Studies* (D.1932.LF.29-28), 20 studies mounted on three sheets
8 October 2014 – 8 February 2015/4 March – 31 May 2015
Musée du Luxembourg, Paris/National Gallery, London
Paul Durand-Ruel and Impressionism
Monet, *Autumn Effect at Argenteuil* (P.1932.SC.274)
- 8 November 2014 - 1 February 2015
Museum der bildenden Künste, Leipzig
Bernini Inventor of Baroque Rome
Bernini, *Caricature of a Corpulent Man (recto)* (D.1952.RW.2274)
Bernini, *Penitent St Jerome* (D.1969.WF.4752)
- 8 November 2014 - 15 February 2015
Staatliche Kunsthalle Karlsruhe
Edgar Degas. Classicism and Experimentation
Degas, *Dancer on a Stage* (P.1978.PG.90).
- 17 November 2014 – 15 March 2015
Metropolitan Museum, New York
Portraits of Madame Cézanne
Cézanne, *Hortense Fiquet (Madame Cézanne) sewing* (D.1978.PG.239)
- 31 January - 19 April 2015
Norwich Castle Museum & Art Gallery
Homage to Manet
Manet, *La Toilette* (G.1934.SC.190.7)
Manet, *Olympia II* (G.1934.SC.190.22)
Manet, *Olympia* (G.1934.SC.190.23)
British School, *Poster of the first Impressionist Exhibition*, Grafton Gallery (G.1958.PD.1)
- 5 February - 17 May 2015
Centre for Fine Arts, Brussels
Renaissance Portraiture from the Low Countries, c. 1500-1575
Joos van Cleve (circle of), *Portrait of a Man* (P.1947.LF.65)
- 3 March – 24 May 2015
Palazzo Barberini, Rome
Bernini Inventor of Baroque Rome
Bernini, *Penitent St Jerome* (D.1969.WF.4752)
- 26 February - 31 May 2015/25 June – 27 September 2015
Centre for Fine Arts, Brussels/National Museum Krakow:
The Ottoman Orient in Renaissance Art
Titian workshop, *Portrait of Cameria, Daughter of Sulieman the Magnificent* (P.1978.PG.463)
- 4 March- 21 June 2015
Scuderie Quirinale, Rome
Matisse Arabesque
Matisse *Seated Woman* (D.1935.SC.142)
- 1 April – 13 September 2015
National Gallery, London
Frames in Focus: The Sansovino Frame
PF.1978.PG.10 Italy 16th century, Sansovino frame
- 6 May – 13 September 2015
Hotel de Caumont, Aix en Provence
Canaletto and the Conquest of Light
Canaletto, *View from Somerset Gardens looking towards London Bridge* (D.1978.PG.131)
- 25 June – 26 September 2015
Sir John Soane's Museum, London
In Pursuit of the Classical Ideal: Artists and the Antique
Natoire *Life class at the Royal Academy of Painting and Sculpture* (D.1952 RW 3973)
- 30 June – 15 November 2015
Galeria Palatina di Palazzi Pitti, Florence
Carlo Dolci – Firenze 1616-1686
Dolci, *Portrait of a Woman* (D.1952.RW.4369)
- 2 July – 2 November 2015
Apsley House, London
Titian at Apsley House
Attributed to Zelotti (after Titian), *Toilet of Venus* (P.1947.LF.477)
4 July - 4 Oct 2015
Pallant House Gallery, Chichester
Sickert in Dieppe

Sickert, *View of Dieppe with Eglise du Pollet* (P.1982.LB.401)

16 July – 4 October 2015
Ashmolean Museum, Oxford
An Elegant Society: Adam Buck, Artist in the Age of Jane Austen

Buck, *Portrait heads of three boys* (D.1952.RW.4137.1)

Buck, *Two young ladies on a terrace* (D.1952.RW.3763)

List of acquisitions for the period 1 August 2014 to 31 July 2015

October 2014

Richard Serra (b.1938), *Courtauld Transparency #4*, 2013
Litho crayon on Mylar
Gift of the Artist, 2015

February 2015

Frank Auerbach (b.1931), *Rebuilding the Empire Cinema, Leicester Square*, 1961
Oil on board
Accepted by HM Government in Lieu of Inheritance Tax and allocated to The Samuel Courtauld Trust, The Courtauld Gallery in 2015

Frank Auerbach (b.1931), *Summer, Tretire*, 1975
Charcoal on paper
Accepted by HM Government in Lieu of Inheritance Tax and allocated to The Samuel Courtauld Trust, The Courtauld Gallery in 2015

May 2015

Stanley William Hayter (1901 - 1988), *Maternité*
Colour print (Combination of three silkscreen colours printed onto paper followed by an engraved plate in black ink (known as the Hayter technique print)
Gift of Dr Joanna Selborne, 2015

Commercial Activities

Samuel Courtauld Trust Enterprises Limited (SCTE) operates a retail shop linked to The Courtauld Gallery. During 2014/15 the operating profit was £275,008 on turnover of £1,096,713. SCTE is a wholly owned subsidiary of The Courtauld and its results have been included in the consolidated financial statements for the year.

Fundraising

Despite the tough economic conditions in which The Courtauld, in common with other higher education institutions, has operated during the past year, annual fundraising continues to make an important contribution to The Courtauld's financial health. Major gifts received this year included £1m from the Sackler Trust to support the Research Forum for five years. 2014/15 was also the most successful year ever for the Annual Fund. The total amount raised was over £132,000 which is an incredible statement of support for The Courtauld.

Public Benefit

The Courtauld is a company limited by guarantee (company no. 4464432) and an exempt charity for the purposes of the Charities Act 1993 under the Exempt Charities Order 2002 No.1626. It is an exempt charity within the meaning of Schedule two of the Charities Act 1993 and as such is a charity within the meaning of paragraph one of Schedule six to the Finance Act 2010. It is not required to be registered as a charity with the Charity Commission but is subject to regulation by HEFCE.

The core charitable activities applied for the public benefit by The Courtauld Institute of Art are to carry out teaching, curating and research in the areas of art history and the conservation of wall and easel paintings, to operate an art gallery and to provide and maintain facilities and services in support of the principal activities.

Our strategic objectives are set out in the new Strategic Plan to 2019 and can be found on page 8 of this Annual Report.

In setting our objectives and planning activities, Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging. For the 2014/15 academic year, a total of 122 scholarships were awarded to 87 students in support of tuition fees and/or maintenance costs. In addition, in our Access Agreement with the Office for Fair Access (OFFA) for 2014/15 The Courtauld committed to spend 45.1% of the additional fee income it receives from undergraduate students above the basic fee on student bursaries and activities to encourage widening access to, and participation in, higher education by students from less advantaged backgrounds.

In order to ensure that no one is discouraged from coming to The Courtauld Gallery as a result of the standard admission charge, The Courtauld offers free or concessionary admission to numerous categories of visitors, including those under the age of 18, students, registered unwaged and members of the National Art Fund. Disabled visitors may bring in a helper without charge. In the year to 31 July 2015, 79,822 of the 280,000 visitors to the Gallery received free or concessionary admission.

The BBC once again this year sought the advice and expertise of The Courtauld's Professor Aviva Burnstock, Head of the Department of Conservation and Technology, for its latest series of *Fake or Fortune*. The series, which aired in June and July, included a film on Renoir which peaked at 5.8 million viewers, the highest audience ever for the programme.

Public Programmes

The Courtauld's public programmes are designed to promote the understanding and enjoyment of art and art history and to engage the public with the Gallery collections as well as the historical research and conservation work carried out within The Courtauld.

The courses and projects on offer last year fell into four key areas:

1. Gallery Learning
2. Young People's Projects
3. Life-long Learning and Short Courses
4. Gallery Talks and Events

By building up the programme strategically over the last seven years the Public Programmes Department has developed key partnerships with schools, teachers, communities and individuals across the UK to widen participation and raise awareness of The Courtauld and its resources. Participants, students and teachers from all backgrounds tell us that The Courtauld learning programmes are unique amongst museums and galleries in London. They particularly value the scholarship and quality which underpins every level of activity and report a genuine sense of inclusion and mutual respect between participants and staff at every level. As the leading institution for the discipline in the UK, and as one uniquely able to span and integrate all dimensions of the subject, The Courtauld has developed a specific and distinctive leadership role in addressing the poor record of widening participation in art history, a subject rarely taught in state schools. We bridge the gap between museums and higher education, raising awareness of the subject as a valuable humanities discipline, with innovative and collaborative projects and, resources for young people currently excluded from the subject.

This year 8,800 students visited the Gallery through our projects and we worked with 1,607 students through outreach projects. It is also worth noting that all of our courses and study trips were sold out including:

- Summer School (430 students)
- Showcasing Art History (356 students)
- Introduction to Art History (128 students)
- Study Trips (36 students)
- Exhibition Study Days (200 students)

In addition to these contributions to public value, The Courtauld also communicates and shares its distinctive qualities directly with wider audiences through the Gallery and public programmes – particularly by means of interpreted displays, temporary exhibitions, publications, events, lectures, short courses, talks and tours.

Courtauld collaborations and public partnerships

The Courtauld's character and position in the art and museum world mean that it has been able to build a powerful network of beneficial collaborative partnerships that provide value to the outside bodies as much as they do to The Courtauld itself, whether with the J. Paul Getty Trust, its Museum, Research and Conservation Institutes, or national and regional UK museums, galleries, and cultural centres, universities, research institutes, charitable arts foundations, and public and membership bodies. The Courtauld's distinctive integration of teaching, research, Gallery and collections provides a particularly strong context for collaboration with national and international museum and gallery exhibition projects. Both academic and Gallery staff and PhD students frequently act as curators, consultants and advisors, for example recently at the National Gallery, Royal Academy, Tate, Whitechapel, Frick, Metropolitan Museum of Art, Morgan and international biennales in both Europe and Asia.

Through its special expertise and practice The Courtauld enhances the quality of public conservation bodies and conservation in the private sector. It provides significant educational and research support to all leading UK heritage organisations and to governments and heritage institutions internationally, including China, India, Bhutan, Italy, Cyprus, Malta, Georgia, Jordan and the USA.

Supporting commercial and public art worlds

The distinctive character of The Courtauld, and its special position at the hub of a creative network, enables it to contribute in important ways to the strength of museums and galleries in the UK and globally, to conservation of art worldwide, to the commercial and public art worlds with which it is able to forge powerful partnerships, and to the profession of art history itself and the public engagement with it. In so doing, The Courtauld plays a highly significant role in building and maintaining the success of the creative and cultural industries which are such an important component of the UK's economic and social strengths.

The Courtauld's greatest impact can be seen in the extraordinary track record of alumni employment and the value of its alumni in terms of their collective contribution to education, the arts, creative industries and the knowledge economy. Courtauld alumni continue to be leaders across all sectors of the art world, making major contributions to the UK's creative economy as well as finding success in other fields. The Courtauld also adds direct public value to the wider community through its Gallery and collection, its lifelong learning programmes and publicly accessible research events.



Sir Nicholas Penny

Alumni contributions

Courtauld graduates are extraordinarily prominent at the top levels of this world. In the UK they include past and present Directors of the British Museum, Tate and Tate Britain, National Gallery, National Galleries of Scotland, Scottish National Portrait Gallery, Ashmolean, Sainsbury Centre, Birmingham Museums Trust, Sir John Soane Museum, Holburne Museum, Henry Moore Foundation, The Courtauld Gallery and English Heritage. Overseas they include Directors of the Metropolitan Museum of Art, the Morgan Library, Cleveland Museum of Art, Art Gallery of Ontario, Detroit Institute of Arts, the Minneapolis Museum of Art, Musée Beaux Arts de Montreal, Museo del Prado, Statens Museum für Kunst, Kunsthalle Bremen, Bibliotheca Hertziana Rome, Museum of Design and Applied Art, Iceland, LD Museum, Ahmedabad, and Christchurch Art Gallery, New Zealand.

Courtauld alumni play transformative roles in the theoretical development of art history outside The Courtauld, holding positions in over 50 UK universities and many more overseas, including Cambridge, East Anglia, Edinburgh, Leeds, Manchester, Oxford, University of the Arts, UCL, York, Paris, Harvard, Berkeley and the IFA, New York.

The programmes in conservation and curating provide the cultural heritage industry with professionals whose research and practice set standards and shape the field. Of some 150 conservators who graduated in the last 20 years, 95% remain active in the profession, holding influential posts in virtually every major national museum and cultural heritage body, including the National Trust and English Heritage and more abroad. Courtauld alumni thus bring to the museum, art history and conservation worlds nationally and internationally, a benefit that is disproportionate to its size and special because of its distinctive character.

Alumni successes this year include Dr Gabriele Finaldi, (BA 1987, MA 1989, PhD 1995) appointed Director of the National Gallery, Dr Nicholas Cullinan (BA 2002, MA 2003, PhD 2010) was appointed the Director of the National Portrait Gallery and Sarah Moulden (BA2006, MA 2007) appointed curator at four of English Heritage's London properties. Former lecturer Professor David Freedberg was appointed as Director of the Warburg Institute, University of London. Nicholas Penny (pictured left) former Director of the National Gallery (February 2008-August 2015), received a knighthood in this year's Queen's Birthday Honours. Novelist and art historian Noah Charney published *The Art of Forgery: The Minds, Motives and Methods of Master Forgers*, which explores the stories, dramas and human intrigues surrounding the world's most famous forgeries – investigating the motivations of the artists and criminals who have faked great works of art, and in doing so conned the public and the art establishment alike.

Environmental Policy

The Courtauld recognises that its activities have an impact upon the environment at the local, regional, national and global levels and acknowledges a responsibility for the protection of the environment and the health of its staff, students, visitors and the community. The Courtauld has developed its Environmental Policy with a view to promote staff and student awareness of environmental issues within the Institute, including the use of energy efficient building practices, reducing the use of water and encouraging the use of public transport. The Courtauld Connects project will present an opportunity for The Courtauld to improve the efficiency of the North Block of Somerset House. Architects, Witherford Watson Mann have identified a range of environmental benefits for development.

The Carbon Reduction Commitment came into force in April 2010. It is designed to stimulate energy efficiency across the economy, including large companies, local councils, universities and other public-sector bodies. Institutions will be obliged to join its carbon – trading scheme, calculating their carbon emissions and then buying carbon credits against future emissions. The Courtauld falls below the 6,000Mw requirement to participate however with a usage of 2,300Mw, The Courtauld nevertheless seeks to reduce its energy consumption and carbon emissions. The Courtauld is committed to reducing carbon emissions and improving energy efficiency throughout its operations. The Institute has acknowledged that it needs to minimise its impacts whilst protecting the environment. This year The Courtauld worked with resource efficiency experts Sustain Ltd to develop a robust Carbon Management Plan. Sustain undertook a detailed site energy audit to identify and propose a series of carbon reduction measures. The measures detailed in the Carbon Management Plan will account for a total carbon reduction of 230 tonnes per year.

Financial Performance

A summary of the group Income and Expenditure Account is as follows:

	2015 £'000	2014 £'000
Income	16,868	13,433
Expenditure	16,399	14,197
Surplus/ (Deficit) on continuing operations	469	(764)
Transfer (to)/from accumulated income within endowments	(1,238)	802
(DEFICIT)/SURPLUS FOR THE YEAR RETAINED IN RESERVES	(769)	38

The consolidated results show a deficit of £769,000 compared to a surplus of £38,000 last year. The operating surplus for the group was £469,000 compared to an operating deficit of £764,000 last year. Included within the results is a restricted surplus of £18,000 which is the result of timing difference on the use of restricted funds. Also included in the results is a

provision of £928,000 which is the result of a fabric condition survey that was completed in 2014/15. The remainder of the movement on the operating outturn is the result of the relative performance of The Courtauld's endowment investments during the year, and the SORP treatment of releases from those funds

Group Income

The group's income can be summarised as follows:

	2015 £'000	2014 £'000	Change %
Funding Council grants	2,781	2,946	(6%)
Tuition fees and education contracts	4,031	3,729	8%
Research grants and contracts	865	1,117	(23%)
Other income	5,590	4,904	14%
Endowment and investment income	3,601	737	389%
TOTAL INCOME	16,868	13,433	26%

Total group income for the year was £16,868,000, an increase of 26% on 2014. Funding Council grants fell by 6% during the year largely driven by changes to funding for undergraduate teaching. Tuition fees increased by 8% as a result of the continued transition to a higher fees regime, for Home and EU undergraduate students. Research income fell by 23%, and other

income increased by 14%, largely driven by the success of the Gallery. Income from Endowments and Investments increased by 389%, mainly due to the SORP treatment of releases from those funds, which is dependent on when the investment gains actually arose rather than when the releases were actually made.

Group Expenditure

The group's expenditure can be summarised as follows:

	2015 £'000	2014 £'000	Change %
Staff costs	6,897	6,782	2%
Other operating expenses	8,774	6,791	29%
Depreciation	711	624	14%
Interest payable	17	-	
TOTAL EXPENDITURE	16,399	14,197	16%

Total group expenditure for the year was £16,399,000, an increase of 16% on 2014. Staff costs increased by 2% compared to 2014 as a result of increase in London weighting and addition of several new posts in the Development department. Other operating expenditure increased by 29% mainly due to the provision for the fabric condition survey.

Net Assets

As at 31 July 2015 the group reported net assets of £42,650,000 compared to net assets of £38,375,000 in 2014. This increase has been driven by increase in Endowment Assets by 15% compared to 2014. Net current liabilities as at 31 July 2015 are £1,680,000, a reduction of 48% due to increase in total current assets and 39% decrease in trade creditors and 17% decrease in grants and donations received in advance and recorded in deferred income within the financial statements.

Investments

The Courtauld Institute Investment Committee is responsible for oversight of the Endowment (including the Institute's Fixed Asset Investments). The Committee establishes investment objectives, asset allocation policy, and investment strategies for each asset class within the portfolio. Overall investment objectives and goals are achieved by use of a diversified portfolio consistent with The Courtauld's return goals and risk tolerance. The Committee has developed an asset allocation strategy which sets minimum and maximum allocations for each asset class, a target asset allocation, and specifies benchmarks against which the performance of each asset category can be judged. While the investment horizon of The Courtauld is long-term, asset allocation is discussed at every meeting of the Committee and formally reviewed at least once per year or

as a significant change in The Courtauld's operations or financial condition may require.

The primary function of the Endowment is to provide enduring support for the academic mission of The Courtauld by releasing a substantial and reliable flow of funds to the operating budget, unless such a flow is not temporarily required. Maintaining the purchasing power of the Endowment to provide sustained programme support requires a disciplined spending policy to balance the demands of the present against the claims of the future. The Courtauld's spending rule uses a long-term spending rate combined with a smoothing rule that adjusts gradually to changes in Endowment market value.

The movement in the value of the portfolio during the year can be summarised as follows:

	Total £'000
Opening Capital	28,531
Unapplied Total Returns	8,036
Opening Balance at 1 August 2014	36,567
Received in year	2,508
Total Returns accrued in the year	3,456
Income transferred to I&E	(3,361)
At 31 July 15	
Capital	31,175
Unapplied Total Returns	7,995
	39,170

A more detailed analysis of the endowment funds, including a review of the most significant individual funds, can be found at note 21 to these financial statements.



Longer Term Prospects

The Courtauld recognises that if it is to maintain its position as world leader in the field of art history it must continue to invest in its estate and facilities in order to maintain and improve its learning, teaching and research environment. In a difficult economic environment, a key objective of The Courtauld is to reduce our reliance on government funding so as to ensure that our future remains in our own hands. The Courtauld's Strategic Plan covering the five year period to July 2019 was approved by the Governing Board in July 2014. As noted earlier in this Report, this plan sets out the Institute's strategic objectives to 2019 and priority actions for the 2015 calendar year to support their delivery. A key initiative is the Courtauld Connects project, which will transform access to The Courtauld and its collections through a programme of physical redevelopment and organisational change. In July 2015, the Governing Board approved the Development Phase of the project with a budget of up to £1.5m. Our single largest source of income is from philanthropic donations. This year our Development and Fundraising team was strengthened with the appointment of several senior fundraising staff.

The Courtauld's endowment fund plays a vital role in ensuring our on-going financial sustainability and we are therefore mindful of the need to balance releases from the fund to offset revenue and capital

expenditure with the need to grow the fund to support the institute in the longer term. As a result, the Institute operates a policy of restricting releases to no more than the amount required to break-even in its management accounts so as to protect the long-term value of the fund.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office. This report has been prepared in accordance with the Accounting Standards Board's 'Reporting Statement: Operating and Financial Review' (January 2006). Approved by the Board of Directors and signed on behalf of the Board.

Robert Thorpe
Company Secretary

GOVERNANCE STATEMENT

Responsibilities of the Governing Board and Structure of Corporate Governance

The Courtauld Institute of Art is committed to the highest standards of governance and continues to review its processes and effectiveness to refine its governance arrangements. In developing its approach, the Governing Board has confirmed its commitment to the Committee of University Chairs (CUC) Governance Code of Practice, subject to a number of departures from the Guide, which are fully justifiable. The major ones are identified below, with the reasons –

- The Governing Board meets formally three times a year (CUC guidance is four). The Courtauld considers that one Board meeting a term continues to work particularly well because of the committee system in place and because individual Governors have frequent interaction and dialogue with Institute officers between Board and Committee meetings. In addition to the three formal meetings each year, the Board have an annual away day which considers a single issue in much greater detail than would otherwise be possible at a general meeting.
- The normal maximum terms of office are two terms of five years (CUC guidance is three terms of three years). The longer terms of office are helpful to the Institute, given the specialist nature of its work and the need to source and retain Governors with specific expertise.
- Board vacancies are not currently widely publicised (as recommended by CUC guidance). Advertising will be considered where and when appropriate but, at this stage in the Institute's evolution, potential new Governors are identified from current contacts, existing Courtauld supporters or by personal knowledge. Preliminary recommendations are then considered by the Nominations Committee before being submitted to the Board for formal approval. Staff Governors are selected from staff nominations by staff votes.
- The Courtauld's Memorandum and Articles of Association are its equivalent to Standing Orders. The Memorandum is currently being reviewed and changed;

once this process is complete, a summary will be made available on the website.

- The Governing Board does not consider 'terms of appointment' and 'undertakings that Governors will act responsibly' to be appropriate. The expectation that all Governors will act responsibly is inherent in the Statement of Primary Responsibilities.

In addition to the CUC guide, The Courtauld is guided by HEFCE and the British Universities Finance Directors Group (BUFDG).

Overview

The Courtauld is committed to following best practice in all aspects of corporate governance. This summary describes the manner in which The Courtauld has applied the principles set out in the HEFCE Audit Code of Practice. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The Courtauld's Governing Board is ultimately responsible for the institute's system of internal control and for reviewing its effectiveness.

The system of internal control is based on a developing process designed:

- to identify the principal risks to the achievement of policies, aims and objectives;
- to evaluate the nature and extent of those risks; and
- to manage them effectively, efficiently and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

Governing Board and its Committees

The Governing Board meets three times a year and has several sub-committees which are as follows: Academic Board, Academic Promotions Committee, Audit Committee, Development and

Alumni Committee, Estates Committee, Finance Committee, Gallery and Academic Committee, Honorary Degrees Committee, Honorary Fellows Committee, Investments Committee, Marketing and Communications Committee, Nominations Committee, and Remuneration Committee. All of these Committees are formally constituted with terms of reference. In all cases, the majority of the membership is lay and each of the Committees has a lay chair. The Directors who serve on each committee are identified on page 6.

The Academic Board is the institute body set up in accordance with Article 19 of the Articles of Association of The Courtauld Institute of Art. Subject to the responsibilities of the Governing Board and of the Director, the Academic Board shall be responsible for all matters relating to the teaching, courses, scholarship and research of The Courtauld; those relating to the development of the academic activities of The Courtauld and the resources needed for them; and advising the Director and the Governing Board thereon having regard at all times to the educational character and objectives of The Courtauld as determined by the Governing Board.

The Academic Promotions Committee meets twice a year and is responsible for the consideration of applications for promotion by Academic staff and recommendation to the Governing Board for the approval of any such promotions they consider to be appropriate.

The Audit Committee meets twice a year and is responsible for advising the Governing Board on the appointment or dismissal of the internal and external auditors; to review the effectiveness of internal controls; to receive reports from the National Audit Office or HEFCE; to consider audit reports from the internal and external auditors and management's response to those reports; to review the arrangements for the identification and management of risk; to advise the Governing Board on accounting policies and to review the Institute's annual report and accounts before their submission to the Governing Board. The internal auditors and the external auditors attend every

meeting and following the meeting which considers the annual accounts the external auditors hold a private discussion with the members of the Committee, all of whom are lay, in the absence of the officers. The Development and Alumni Committee meets three times a year and is primarily concerned with fundraising and maintaining relationships with Alumni. The Estates Committee meets three times a year and is responsible for oversight of the existing buildings, the creation of an Estates Strategy and evaluation of opportunities to develop or reconfigure the estate.

The Finance Committee meets three times a year and is responsible to the Governing Board for the financial management of The Courtauld. It advises the Board of Governors on all financial matters, in particular the annual estimates and accounts, matters regarding the strategic plan and the financial forecasts; on risks to the strategic plan; and other general issues. The Gallery and Academic Committee meets three times a year and deals on the Governing Board's behalf with matters referred to the Board from the academic activities of the Institute and with the Gallery and the relationship with the Samuel Courtauld Trust.

The Honorary Degrees Committee meets annually to request, collect and consider nominations for the award of an Honorary Doctorate of the University of London by The Courtauld Institute of Art in accordance with Regulation two of the University of London and in accordance with procedures approved by the Governing Board, and to send recommendations for such awards to the Governing Board for approval. The Honorary Fellows Committee meets annually to request, collect and consider nominations for Honorary Fellows and Emeritus Professorships and to send suitable recommendations for all such awards to the Governing Board for approval.

The Investments Committee meets three times a year and is responsible for the general strategy and policy on investments held or made by or on behalf of The Courtauld and deals with all matters relating to the implementation of such strategy and policy. It reviews the investment strategy, policy and performance at least annually, and it appoints any investment advisers and managers on such terms as the Committee shall think fit.

The Marketing and Communications Committee meets three times a year and provides expert guidance to The Courtauld on marketing and communications issues from an external perspective; to advise the executive on the development and implementation of its marketing and communications strategy; to advise on an appropriate and effective structure for the operational delivery of marketing and communications; to advise on the on-going development of The Courtauld

brand; to advise, review and assess all marketing communications for the different programmes and activities of The Courtauld (The Courtauld Gallery, the Research Forum, Degree courses/ student recruitment, Public Programmes, extension learning and fundraising) in relation to its various audience sectors; to challenge and stimulate new ideas and innovative approaches to marketing and communication; and to report each term to the Governing Board.

The Nominations Committee meets at least annually. Its role is to recommend criteria to the Governing Board, for selection and de-selection to the full range of lay and honorific appointments within The Courtauld on the conditions under which such appointments might be held; and to search for those whom the Board might wish to appoint to: lay governorship, lay chairmanships and lay membership of Courtauld committees and other bodies; and such other grades of lay or honorific appointment as the Board may wish from time to time to establish (except those appointed via the Academic Board or Students' Union).

The Remuneration Committee meets at least once a year and considers and recommends the salaries of all existing professorial staff and other staff on equivalent grades; and receives reports on salaries of members of staff newly-appointed or promoted to this level. It considers and determines the honoraria of senior academic office holders. It reports to the Governing Board on policy matters relating to senior salaries and it keeps under review policies for severance payments for professorial and equivalent staff. It recommends the salary of the Director and the Director of Resources (Company Secretary).

Risk management and internal controls

The Governing Board has a responsibility to ensure that The Courtauld's risk management strategy is effective throughout the Institute and that it is fully compliant with HEFCE's requirements relating to risk.

Through its Senior Management Team (SMT), The Courtauld Governing Board has taken the following actions in relation to this:

- maintained a risk management policy for the Institute, setting out principles, processes, responsibilities and key risk areas;
- reviewed the strategic risk register, setting out key risks and how they are to be managed;
- received reports from the Audit Committee on the processes governing the identification and management of risk;
- given executive responsibility for managing risk to the Director and the SMT;
- considered the actions taken to manage the most serious physical risks identified; and
- ensured consistency in the level of risk

assessed, among risks having the same probability/impact assessment.

The risk management policy sets out a clear framework for:

- identifying and assessing risks, as part of the corporate planning process;
- monitoring the management of risks; and
- reviewing the process.

The Board has confirmed the Audit Committee's role regarding the management of risk, clearly establishing the committee's responsibilities regarding risk and ensuring clarity between -

- the suitability of the processes in place (an Audit Committee responsibility); and
- the effectiveness of the identification and management of risk per se (ultimately a Board responsibility).

The revised process for reporting the identification, assessment and management of key risks to the Board was introduced during 2011/12 and is being conducted through the committee best placed to consider and agree appropriate action by management.

The detailed process is as follows:

- Annually at the committee meeting immediately prior to the July Board meeting, committee members will be presented with a risk report for each risk relative to that committee. This report will be provided by the SMT member for that committee so that members can draw conclusions about the effective management of each risk. It will also give members the opportunity to comment on any aspect of the risks noted and any other aspect of risk management;
- The result of each committee's discussion on risk will be reported to the Board through the normal committee minutes, with the committee chairman raising any specific issues;
- 'risk management' paper will be prepared by the Director of Operations for the July Board meeting in a similar format to that currently produced, bringing together the individual risk reports from each committee meeting;
- Chairs of committees will be able to identify any issues raised at the annual review committee meeting during discussion at the Board of the compilation paper; and
- The Board will then be in a position to draw its conclusions on the appropriateness of the way risk is managed, for inclusion as appropriate in the Financial Statements and HEFCE returns.

In preparation for the other committee meetings each year, the SMT member will give full consideration to any changes in the pattern or the management of each risk and also whether any new risks have been identified and bring these to the members' notice by way of a written paper when necessary.

Statement of primary responsibilities and internal financial controls

The primary responsibilities of the Governing Board are derived from the Memorandum of Assurance and Accountability with HEFCE dated July 2014 and Memorandum and Articles of Association of The Courtauld Institute of Art. They are:

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Companies Act 2006 the Board, as directors of The Courtauld Institute of Art, are responsible for the administration and management of The Courtauld and are required to present audited financial statements for each financial year.

In addition, the terms and conditions of a Financial Memorandum between the Higher Education Funding Council for England and the Board of The Courtauld, through its designated officer, require the Institute to prepare financial statements for each financial year, which give a true and fair view of the financial position of The Courtauld and of the surplus or deficit and cash flows for that year. The designated officer for this purpose is the Director.

The directors are responsible for ensuring that income from the Higher Education Funding Council for England and grants and income for specific purposes and from other restricted funds administered by the Institute are applied for the purposes for which they were received to ensure that income has been applied, where appropriate, in accordance with the Financial Memorandum with the Higher Education Funding Council for England. The directors are also responsible for:

1. approving and measuring progress on achieving the mission and strategy of The Courtauld Institute of Art, its long-term academic and business plans and establishing and reviewing high-level key performance indicators (KPIs).
2. delegating authority to the Director of The Courtauld for the academic, corporate, financial, estate and human resources management of the Institute; and for establishing and keeping under regular review the policies and procedures for, including any limits to be applied to, the exercise of such management functions as shall be undertaken by and under the authority of the Director.
3. ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and management, and procedures for handling internal grievances and for managing conflicts of interest.
4. ensuring that processes are in place to monitor and evaluate the performance and effectiveness of the Institute against plans and KPIs.
5. establishing processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself.
6. conducting its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. safeguarding the good name and values of the Institute.
8. appointing the Chairman of the Governing Board and its sub-committees in accordance with the terms of office established in the Memorandum.
9. appointing the Director of The Courtauld Institute of Art.
10. making such provision as it sees fit for the general welfare of the Institute's students, in consultation as appropriate with the Academic Board.
11. ensuring The Courtauld's Memorandum and Articles of Association are followed at all times and that appropriate advice is available to enable this to happen.
12. the maintenance and integrity of the Corporate and financial information included on the company's website.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF THE COURTAULD INSTITUTE OF ART

(Company Registration Number: **04464432**)

We have audited the group and Institute financial statements (the "financial statements") of the Courtauld Institute of Art for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and Institute Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Governance Statement set out on page 19, the Governing Body (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and Institute's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and Institute as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the Institute for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Foreword, the Director's Introduction, the Strategic Report, the Operating and Financial Review and the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Institute, or returns adequate for our audit have not been received from branches not visited by us; or
- the Institute's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



Fleur Nieboer
(Senior Statutory Auditor)
For and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

26 November 2015



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
INCOME			
Funding Council grants	1	2,781	2,946
Tuition fees and education contracts	2	4,031	3,729
Research grants and contracts	3	865	1,117
Other income	4	5,590	4,904
Endowment and investment income	5	3,601	737
TOTAL INCOME		16,868	13,433
EXPENDITURE			
Staff costs	6	6,897	6,782
Other operating expenses	8	8,774	6,791
Depreciation	10	711	624
Interest payable	9	17	-
TOTAL EXPENDITURE		16,399	14,197
SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS		469	(764)
Transfer (to)/from accumulated income within endowments	21	(1,238)	802
(DEFICIT)/SURPLUS FOR THE YEAR RETAINED IN RESERVES		(769)	38

The income and expenditure account is in respect of continuing operations

The notes on pages 33 to 44 form part of the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Surplus/(Deficit) on continuing operations after depreciation on fixed assets		469	(764)
Total Returns on fixed asset investments	12	1,022	130
Total Returns on fixed asset investments released in the year	12	(2,164)	(449)
Total Returns on endowment asset investments	13	2,434	285
Total Returns on endowments released in the year	13	(2,434)	(285)
New endowments	21	2,507	1,054
Revaluation of Fixed Assets	10	2,507	2,229
TOTAL RECOGNISED GAINS		1,834	2,200
Reconciliation			
Opening reserves and endowments		37,205	35,005
Total recognised gains		1,834	2,200
Closing reserves and endowments		39,039	37,205

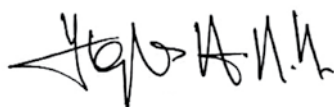
The notes on pages 33 to 44 form part of the financial statements

BALANCE SHEET AS AT 31 JULY 2015

	Note	Consolidated 2015 £'000	2014 £'000	Institute 2015 £'000	2014 £'000
FIXED ASSETS					
Tangible assets	10	6,688	5,853	6,653	5,830
Investments	12	10,050	11,192	10,050	11,192
		16,738	17,045	16,703	17,022
Endowment Assets	13	29,120	25,375	29,120	25,375
CURRENT ASSETS					
Stocks	14	123	126	1	1
Debtors	15	771	893	896	1,040
Cash at bank and in hand		1,745	1,295	1,610	1,237
TOTAL CURRENT ASSETS		2,639	2,314	2,507	2,278
Creditors: amounts falling due within one year	16	(4,319)	(5,559)	(4,253)	(5,503)
NET CURRENT LIABILITIES		(1,680)	(3,245)	(1,746)	(3,225)
TOTAL ASSETS LESS CURRENT LIABILITIES		44,178	39,175	44,077	39,172
Creditors: amounts falling due after more than one year	17	(600)	(800)	(600)	(800)
Provisions for liabilities	19	(928)	-	(928)	-
NET ASSETS		42,650	38,375	42,549	38,372
DEFERRED CAPITAL GRANTS ENDOWMENTS	20	3,612	1,170	3,612	1,170
Permanent Restricted	21	11,561	8,700	11,561	8,700
Permanent Unrestricted	21	12,703	12,053	12,703	12,053
Expendable Restricted	21	4,856	4,622	4,856	4,622
TOTAL ENDOWMENTS		29,120	25,375	29,120	25,375
RESERVES					
General reserve	22	6,861	7,613	6,760	7,610
Restricted reserves	23	50	68	50	68
Revaluation reserve	24	3,007	4,149	3,007	4,149
TOTAL		42,650	38,375	42,549	38,372

The notes on pages 33 to 44 form part of the financial statements

The financial statements of The Courtauld Institute of Art, registered number 04464432, were approved by the Governing Board on 25 November 2015 and were signed on its behalf by



James Hughes-Hallett
Chairman of the Governing Board



Professor Deborah Anne Swallow
Märit Rausing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2015

	Note	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Cash flow from operating activities	25	(2,920)	(1,145)
Returns on investments and servicing of finance	26	3,584	737
Capital expenditure and financial investment	27	(12)	102
Financing	28	(220)	970
Increase/ (Decrease) in cash in the year	29	432	364

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase in cash in the year		432	364
Decrease/(increase) in debt	28	220	(970)
Cash inflow from endowment asset investments	29	909	987
Cash inflow from fixed asset investments	29	126	368
Movement in net funds in year		1,687	749
Net funds at 1 August	29	3,107	2,358
Net funds at 31 July		4,794	3,107

The notes on pages 33 to 44 form part of the financial statements



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of endowment asset investments.

Basis of consolidation

The consolidated financial statements include the Institute and its subsidiary undertakings for the financial year ended 31 July 2015. Details of the Institute's subsidiary undertakings are provided in note 11 to the financial statements. The financial statements have been consolidated under the acquisition method of accounting.

The Courtauld Institute of Art Fund (CIAF) is a charity registered under the Charities Act 2011, number 288509. Its principal activity is to raise funds for the benefit of the Courtauld Institute of Art. In accordance with Section 97 of the Act, CIAF is treated as a special trust for accounting purposes and its activities and results have therefore been aggregated into the Institute's results for the year. As required by the SORP, reserves held by the CIA Fund at the Balance Sheet date are treated as either endowments (in the case of restricted reserves in CIAF) or restricted reserves (in the case of unrestricted reserves in CIAF) within the institute's accounts.

Surplus attributable to The Courtauld Institute of Art

The deficit for the financial year dealt within the financial statements of the parent Institute, Courtauld Institute of Art, was £868,000 (2013/14: surplus of £45,000). Included within the results for 2014/15 was a restricted deficit of £18,000 attributable to CIAF (2013/14: £9,000, see above and note 23). As permitted by Section 408 of the Companies Act 2006, no separate income and expenditure account is presented in respect of the parent Institute.

Going Concern

The company's business activities and plans for the future are set out in the Directors' Report on page 1. The directors have considered these plans and the budget for the year ahead in their assessment of adopting the going concern basis for the preparation of these financial statements.

In making this assessment the directors have produced future forecasts which show that the company will be able to manage its working capital and existing resources to enable it to meet its liabilities as they fall due. The directors acknowledge that the impact of the current economic environment is uncertain, and are managing this uncertainty and its impact on the forecasts on a regular basis.

Based on these factors, the directors have prepared these financial statements on the going concern basis.

Revenue Recognition

Non-recurrent grants from the Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from research grants, contracts and other services rendered is accounted for on an accruals basis and is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the period and any related contributions towards overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities. All income from non-endowment related short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Fee income is stated gross and credited to the income and expenditure account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and included within operating income.

Income and expenditure related to the Summer School which runs for the four weeks ending in the first week of August each year is treated as falling in full in the year in which the summer school commences.

According to the SORP, all donations that are expendable but which are restricted to a purpose specified by the donor are to be treated as expendable endowments. However due to the long term nature of The Courtauld's investment policy, the Institute has made a deliberate decision to only treat donations likely to be held for the long term as endowments. Donations due to be expended over a short term period are treated as deferred income and are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. For this purpose, long-term is taken to mean in excess of five years.

Endowments

Permanent endowments are invested on a total return basis. Returns on investments are credited to the income and expenditure account to the extent that they have been applied for the purposes intended by the donor. Returns beyond this amount are retained within the unapplied total return fund as part of the endowment until such time as they are applied by the Institute and a transfer is made to the income and expenditure account.

Expendable endowments are invested alongside permanent endowments. Returns on investments are credited to the income and expenditure account in full with any unspent balances being transferred back to accumulated income within the endowment fund.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of consolidated total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. Exchange differences are dealt with in the income and expenditure account, except in respect of foreign exchange variations in respect of future endowments, any exchange variations for which are shown in the statement of total recognised gains and losses.

Pension Schemes

The Courtauld participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (SP2). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the amount payable to the scheme in respect of the accounting period.

The Courtauld also participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out between formal valuations. As above, it is not possible to identify the institution's share of the assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme.

SCT Enterprises Limited contributes to two defined contribution schemes on behalf of its employees. In accordance with FRS17, contributions to these schemes are included as expenditure in the period in which they are payable.

Negative goodwill

Negative goodwill arising upon acquisitions is included within intangible assets and is released to the income and expenditure account over the life of the tangible assets to which it relates. Any residual negative goodwill is recognised in the income and expenditure account in the period expected to benefit.

Tangible fixed assets

a) Land and buildings

Land and buildings are stated at historical cost. Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Capitalised Leasehold Land and Buildings is depreciated over its useful economic life as follows:

Leasehold Land and Buildings –
10% per annum from the year of acquisition

Where assets related to land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out annually for residential buildings and otherwise if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

b) Equipment

Equipment costing less than £10,000 per individual item or set of similar items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

General equipment –
10% per annum from the year of acquisition
Computer equipment –
33% per annum from the year of acquisition

Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related fixed assets.

c) Rare books and artefacts

Rare books and artefacts valued at £3,082,000 are capitalised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. All such assets are fully accessible by users of The Courtauld's Book Library and a detailed catalogue of the collection was completed during the year under review, along with a full valuation. The increase in value since the previous valuation in 2002 has been recorded as a revaluation reserve within these accounts. Future valuations will then take place every ten years. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Listed assets are included in the balance sheet at market value.

Investments that form part of endowment assets are included in the balance sheet at market value.

Stocks

Stocks are stated at the lower of their cost and net realisable value.

Taxation

The Courtauld is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the Institute is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institute receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

SCT Enterprises Limited is subject to corporation tax and Value Added Tax in the same way as any commercial organisation and current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



NOTES TO THE FINANCIAL STATEMENTS

1. FUNDING COUNCIL GRANTS

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Recurrent grant from HEFCE	2,569	2,717
Deferred Capital Grants released	212	214
Other specific grants from HEFCE	-	15
	<u>2,781</u>	<u>2,946</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
UK Higher Education students	2,050	1,626
European Union (EU) (excluding UK) students	373	327
Non-EU students	<u>1,545</u>	<u>1,668</u>
Total fees paid by or on behalf of individual students	3,968	3,621
Other education income	<u>63</u>	<u>108</u>
	<u>4,031</u>	<u>3,729</u>

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Research councils	197	159
UK based charities	125	181
EU Charity	64	166
Other grants and contracts	<u>479</u>	<u>611</u>
	<u>865</u>	<u>1,117</u>

4. OTHER INCOME

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Donations	1,976	2,244
Deferred Capital Grants released	118	71
The Courtauld Gallery – admissions and events	1,057	650
SCT Enterprises Ltd (The Gallery Shop)	1,063	720
Residences and accommodation	666	630
Other income	<u>710</u>	<u>589</u>
	<u>5,590</u>	<u>4,904</u>

5. ENDOWMENT AND INVESTMENT INCOME

	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Income from endowments released to I&E account (note 21)	2,434	285
Other investment income	<u>1,167</u>	<u>452</u>
	<u>3,601</u>	<u>737</u>

6. STAFF COSTS

The average weekly number of persons (including directors) employed by the Group during the year, expressed as full-time equivalents, was:

	Year ended 31 July 2015	Year ended 31 July 2014
	No	No
Teaching departments	33	36
Teaching support services	2	2
Gallery & Libraries	21	19
Administration and central services	50	51
Premises	5	5
Other	14	13
	<hr/> 124	<hr/> 126
	£'000	£'000

Staff costs for the above persons:

Wages and salaries	5,668	5,619
Social security costs	504	491
Pension costs	725	672
	<hr/> 6,897	<hr/> 6,782

The number of staff, including the directors, who received emoluments (excluding employers pension contributions) of more than £100,000 in the financial year was:

	Year ended 31 July 2015	Year ended 31 July 2014
	No	No
£120,000 - £130,000	1	-
£170,000 - £180,000	-	1
£180,000 - £190,000	1	-

7. SENIOR POSTHOLDERS' EMOLUMENTS

The emoluments of the Director of The Courtauld are as follows:

	Year ended 31 July 2015	Year ended 31 July 2014
	£'000	£'000
Salary	187	179
Pension contributions	30	29
	<hr/> 217	<hr/> 208

Pension contributions are in respect of employer's contributions to the Universities Superannuation Scheme and are paid at the same rate as for other employees.

The Director received no other taxable benefits, performance related pay or other remuneration from The Courtauld in year

8. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff costs	Other operating expenses	Depreciation	Year ended 31 July 2015	Year ended 31 July 2014
	£'000	£'000	£'000	Total £'000	Total £'000
Teaching departments	2,919	2,094	-	5,013	4,837
Academic information services	490	199	-	689	710
Gallery	678	1,100	-	1,778	1,550
Administration and central services	1,894	1,509	696	4,099	4,278
Premises costs	-	2,161	-	2,161	1,670
Planned maintenance	167	264	-	431	272
Unused maintenance provision	-	-	-	-	(219)
Maintenance provision	-	928	-	928	-
Other income generating activities – Institute	455	145	-	600	403
Other income generating activities – subsidiaries	293	392	15	700	696
	6,897	8,791	711	16,399	14,197

Other operating expenses include:

	Year ended 31 July 2015	Year ended 31 July 2014
	Total £'000	Total £'000
Auditors' remuneration	60	80
Hire of other assets	-	11
Operating Leases	1,001	817
Interest payable (note 9)	17	-

Included within Auditor's remuneration above are the following amounts receivable by the external auditor:

- Statutory audit fees: £ 47,204
- Other Services: £3,417

The Courtauld's external auditors were also engaged to provide FRS 102 conversion support in early 2015/16, with a value of £7,000.

9. INTEREST PAYABLE

	Year ended 31 July 2015	Year ended 31 July 2014
	£'000	£'000
On bank loans and other loans:		
Repayable within 5 years by instalments	17	-
	17	-

10. TANGIBLE FIXED ASSETS

Institute	Leasehold land and buildings £'000	Rare books and artefacts £'000	Computer equipment £'000	General equipment £'000	Total £'000
Cost					
At 1 August 2014	4,416	3,082	1,076	1,813	10,387
Additions	1,260	-	112	147	1,519
At 31 July 2015	5,676	3,082	1,188	1,960	11,906
Depreciation					
At 1 August 2014	2,382	-	871	1,304	4,557
Charge for year	421	-	132	143	696
At 31 July 2015	2,803	-	1,003	1,447	5,253
Net book value					
At 31 July 2015	2,873	3,082	185	513	6,653
At 31 July 2014	2,034	3,082	205	509	5,830
Inherited	-	3,082	-	-	3,082
Financed by capital grant	1,794	-	-	46	1,840
Other	1,079	-	185	467	1,731
	2,873	3,082	185	513	6,653
Group					
	Leasehold land and buildings £'000	Rare books and artefacts £'000	Computer equipment £'000	General equipment £'000	Total £'000
Cost					
At 1 August 2014	4,416	3,082	1,089	1,961	10,548
Additions	1,260	-	112	174	1,546
At 31 July 2015	5,676	3,082	1,201	2,135	12,094
Depreciation					
At 1 August 2014	2,382	-	880	1,433	4,695
Charge for year	421	-	133	157	711
At 31 July 2015	2,803	-	1,013	1,590	5,406
Net book value					
At 31 July 2015	2,873	3,082	188	545	6,688
At 31 July 2014	2,034	3,082	209	528	5,853
Inherited	-	3,082	-	-	3,082
Financed by capital grant	1,794	-	-	46	1,840
Other	1,079	-	188	499	1,766
	2,873	3,082	188	545	6,688

11. SUBSIDIARY UNDERTAKINGS

The Institute has the following subsidiary undertaking:

Name	Ownership	Year end
SCT Enterprises Limited	100%	26 July 2015

SCT Enterprises Limited is a company registered in England and Wales and its principal activity is the sale of items related to The Courtauld Gallery and its collections.

12. FIXED ASSET INVESTMENTS

	2015 £'000	2014 £'000
Balance brought forward at 1 August	11,192	11,423
Total Returns accrued in the year	1,022	130
Income received transferred to income & expenditure account	(2,164)	(449)
Transfers from cash	-	88
Balance at 31 July	10,050	11,192
Represented by:		
Unit Trusts and Investment Trusts	9,062	10,331
Cash balances	988	861
	10,050	11,192

13. ENDOWMENT ASSETS

Institute and Group	2015 £'000	2014 £'000
Balance brought forward at 1 August		
Capital	19,341	19,089
Unapplied Total Returns	6,034	6,034
	25,375	25,123
Additions (note 21)	2,601	1,078
Movement on CIA Fund restricted reserve (note 21)	(94)	(24)
Total Returns on endowment asset investments	2,434	285
Income received transferred to income & expenditure account	(2,434)	(285)
Transfer of accumulated income from general reserves	1,238	(802)
Balance at 31 July	29,120	25,375
Represented by:		
Unit Trusts and Investment Trusts	26,258	23,327
Cash balances	2,862	1,953
Amounts owing from benefactors & others	-	95
	29,120	25,375

For the purpose of managing the investment portfolio and for all other management and administrative purposes, the endowment asset investments and fixed asset investments continue to be administered jointly in a single fund which was valued at £39.169m at 31 July 2015. (31 July 2014: £36.567m).

14. STOCKS

	2015 £'000	Institute 2014 £'000	2015 £'000	Group 2014 £'000
Finished goods	1	1	123	126

15. DEBTORS

	2015 £'000	Institute 2014 £'000	2015 £'000	Group 2014 £'000
Trade and student debtors	253	308	258	309
Amounts due from subsidiary undertakings	150	171	-	-
Taxation and VAT recoverable	110	170	110	170
Other Accrued Revenue	228	256	242	272
Other debtors	26	31	27	32
Prepayments	129	104	134	110
	896	1,040	771	893

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	Institute 2014 £'000	2015 £'000	Group 2014 £'000
Bank loan	200	202	200	202
Payments received in advance	3,213	3,861	3,213	3,861
Trade creditors	480	786	485	794
Amounts due to subsidiary undertakings	1	1	-	-
Accruals	213	428	235	454
Other taxation and social security	143	223	183	246
Other creditors	3	2	3	2
	4,253	5,503	4,319	5,559

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Institute and Group	2015 £'000	2014 £'000
Bank loan	600	800
	600	800

18. BORROWINGS

Institute and Group	2015 £'000	2014 £'000
Loans are repayable as follows:		
In one year or less	200	202
Between one and two years	200	200
Between two and five years	400	600
	800	1,002

The Institute agreed a new five year fixed term loan of £1,000,000 on 30 June 2014 to pay for works on the environmental controls within The Courtauld Gallery. Interest is payable at a rate of 1.25% above LIBOR. The remaining balance relates to a loan to update fire equipment and was fully repaid in August 2014.

19. PROVISIONS FOR LIABILITIES

Institute and Group	2015 £'000	Dilapidations 2014 £'000
At 1 August	-	1,177
Transferred from income and expenditure account	928	-
Utilised in year	-	(1,117)
At 31 July	928	-

The provision made is as a result of a condition survey that was completed in 2014/15.

20. DEFERRED CAPITAL GRANTS

Institute and Group	Balance at 1 August 2014 £'000	Received in year £'000	Released in year £'000	Balance at 31 July 2015 £'000
HEFCE- Leasehold land and buildings	(735)	(55)	209	(581)
HEFCE- General Equipment	(1)	-	4	3
Other- Land and buildings	(341)	(2,717)	32	(3,026)
Other- General Equipment	(93)	-	85	(8)
	(1,170)	(2,772)	330	(3,612)

Capital grants are deferred and released to the Income & Expenditure account over the useful economic life of the asset against the related depreciation charge in proportion to the level of the grant received.

21. ENDOWMENTS

	Permanent Restricted £'000	Permanent Unrestricted £'000	Total Permanent £'000	Expendable Restricted £'000	Total 2015 £'000	Total 2014 £'000
At 1 August 2014						
Capital	7,466	7,831	15,297	4,622	19,919	19,089
Unapplied Total Returns	1,234	4,222	5,456	-	5,456	6,034
	8,700	12,053	20,753	4,622	25,375	25,123
Received in the year	2,410	-	2,410	191	2,601	1,078
Movement on CIA Fund Restricted Reserves				(94)	(94)	(24)
Total Returns accrued in the year	906	1,100	2,006	428	2,434	285
Total Returns transferred to income & expenditure account (note 5)	(906)	(1,100)	(2,006)	(428)	(2,434)	(285)
Transfer of accumulated income to general reserves	451	650	1,101	137	1,238	(802)
At 31 July 2015						
Capital	9,876	7,831	17,707	4,856	22,563	19,919
Unapplied Total Returns	1,685	4,872	6,557		6,557	5,456
	11,561	12,703	24,264	4,856	29,120	25,375
Representing						
Fellowships and scholarships funds	434	236	670	1,818	2,488	2,355
Prizes funds	1,694	-	1,694	-	1,694	1,602
Chairs and lectureships funds	6,542	-	6,542	1,860	8,402	6,811
Other funds	2,891	12,467	15,358	1,178	16,536	14,607
	11,561	12,703	24,264	4,856	29,120	25,375

The Board has resolved that income up to a maximum of 4% of the current value of unrestricted endowments should be released to the Income & Expenditure Account, to cover any residual operating deficit of the Institute.

The Institute operates a total returns policy in respect of its endowment and fixed asset investments. Releases to the income & expenditure account and transfers to general reserves are accordingly based on income and growth realised during the year, subject to the conditions for the use of funds being met in the case of restricted funds and the limits imposed by the board in the case of unrestricted funds.

Included within the table above, the Institute holds four permanent unrestricted endowments that could be considered to be material charitable funds. The funds, each of which was given to support the long term financial sustainability of the Institute, can be analysed as follows:

	Lisbet Rausing £'000	The Garfield Weston Foundation £'000	The Deborah Loeb Brice Foundation £'000	The Robert HN Ho Family Foundation £'000
At 1 August 2014				
Capital	5,000	1,000	1,807	1,563
Unapplied Total Returns	3,148	682	197	22
	8,148	1,682	2,004	1,585
Additions	-	-	-	313
Total Returns accrued in the year	744	154	183	168
Total Returns transferred to income & expenditure account (note 5)	(744)	(154)	(183)	(168)
Unapplied Total Returns transferred to income	406	128	96	(24)
At 31 July 2015				
Capital	5,000	1,000	1,807	1,876
Unapplied Total Returns	3,554	810	293	(2)
	8,554	1,810	2,100	1,874

22. MOVEMENT ON GENERAL RESERVES

	Institute £'000	Group £'000
At 1 August 2014	7,610	7,613
Surplus retained for the year	388	486
Transfers from accumulated income within endowments	(1,238)	(1,238)
At 31 July 2015	<u>6,760</u>	<u>6,861</u>

23. MOVEMENT ON RESTRICTED RESERVES

Institute and Group	Year ended 31 July 2015 £'000
At 1 August 2014	68
CIAF surplus retained for the year	<u>(18)</u>
At 31 July 2015	<u>50</u>

24. MOVEMENT ON REVALUATION RESERVES

Institute and Group	Fixed Asset Investments £'000	Tangible Fixed Assets £'000
At 1 August 2014	1,920	2,229
Total Returns on fixed asset investments	1,022	-
Income received transferred to income & expenditure account	(2,164)	-
Revaluation of rare books collection	-	-
At 31 July 2015	<u>778</u>	<u>2,229</u>

**25. RECONCILIATION OF OPERATING (DEFICIT)/
SURPLUS TO NET CASH OUTFLOW**

Institute and Group	Year ended 31 July 2015 £'000	Year ended 31 July 2014 £'000
Surplus/(Deficit) on continuing operations	468	(764)
Depreciation	711	624
(Increase)/ Decrease in stocks	3	(37)
(Increase) in debtors	121	(121)
Increase in creditors	(1,237)	1,052
Decrease in provisions	928	(1,177)
Interest receivable	(3,601)	(737)
Interest payable	17	-
Deferred capital grants released	(330)	(285)
Net outflow from operating activities	<u>(2,920)</u>	<u>(1,445)</u>

26. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2015 £'000	2014 £'000
Income from endowments	2,434	285
Other interest received	1,167	452
Interest paid	(17)	-
Net cash inflow from returns on investments and servicing of finance	<u>3,584</u>	<u>737</u>

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(1,546)	(780)
Capital grants received	2,772	168
Endowment income received	(1,238)	802
Transfers from cash to fixed asset investments	-	(88)
Net cash outflow from capital expenditure and financial investment	(12)	102

28. FINANCING

	2015 £'000	2014 £'000
New loans	-	1,000
Repayment of existing loans	(220)	(30)
	(220)	970

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £'000	Cash flows £'000	At 31 July 2015 £'000
Cash at bank and in hand	1,295	450	1,745
Endowment asset investments (note 15)	1,953	909	2,862
Fixed Asset investments (note 14)	861	126	987
Debt due within one year	(202)	2	(200)
Debt due after more than one year	(800)	200	(600)
Total	3,107	1,687	4,794

30. PENSIONS AND SIMILAR OBLIGATIONS

University Superannuation Scheme (USS)

The Courtauld participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to administered individual institutions and a scheme wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Contingent Liabilities and Assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

Pensions Costs

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. The total cost charged to the profit and loss account is £628,000 (2014: £575,000) as shown in note 6.

There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements

The latest available triennial actuarial valuation of the scheme was at 31 March

2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of the benefits which had accrued to members after allowing for expected future increases in earnings of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.30%	4.50%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.45%
Price inflation (CPI)	2.20%	2.60%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme asset	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

The figures provided by USS are unaudited by the scheme's auditors, at reporting date.

Superannuation Scheme of the University of London (SAUL)

The Institute participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate Trustee-administered funds. The Courtauld Institute of Art has now adopted FRS17 for accounting for pension costs. It is not possible to identify the The Courtauld's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (ie cash amounts) in accordance with paragraphs 8 – 12 of FRS17.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the technical provisions:

	31-Mar-11
Discount Rate:	
'- pre-retirement	6.80% p.a.
'- post-retirement	4.70% p.a.
General salary increases*	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index Inflation ("RPI")	3.50% p.a.
Consumer Prices Index Inflation ("CPI")	2.80% p.a.
Pension increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend of 1.25% p.a.
* excluding an allowance for promotional increases	

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain Employer and Member contributions at 13% of Salaries and 6% of Salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE") to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is ten years from the valuation date.

At 31 March 2012, SAUL had over 10,000 active members and in 2014/15 The Courtauld had 33 active members participating in the scheme.

The total pension cost for the institute was £83,000 (2014: £81,000). The contribution rate payable by the institution was 13% of pensionable salaries.

31. FINANCIAL COMMITMENTS

At 31 July 2015 the Group and the Institute had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Land and buildings		
Expiring in over five years	1,063	1,011

The Institute occupies the North block of Somerset House under a lease dated 1 December 1987. The annual rent payable under the terms of the lease is subject to review every five years. The most recent review, with an effective date of June 2012, was resolved in July 2014. The current terms include a peppercorn rent on the 'fine rooms' which house the public area of The Courtauld Gallery.

In April 2009, the Institute entered into a 30 year lease (with a break clause after 15 years) with the Duchy of Lancaster for the provision of student accommodation at Duchy House.

In May 2014, the Institute entered into a 15 year lease (with a one year break clause) for a suite of rooms in the New Wing of Somerset House.

32. RELATED PARTY TRANSACTIONS

During the year, the Institute paid £148,000 (2013-14 £110,000) to the University of London, of which the Institute is an independent College, for central university governance, the university Careers Group, Senate House Libraries, the University of London Union, examination services and the private housing group.

During the year the Institute acted as Custodian for the works of art displayed and stored in the Courtauld Gallery but owned by the Samuel Courtauld Trust and others. Andrew Adcock, Professor Geoffrey Crossick and James Hughes-Hallett are also directors of the Samuel Courtauld Trust.

SCT Enterprises Limited ("SCTE") is a wholly owned subsidiary of The Courtauld Institute of Art. During the year, the Institute paid SCTE £135,771 for the provision of admissions and image services (2013-14 £132,828) and SCTE paid the Institute £65,00

for the use of space within The Courtauld and the provision of accounting services (2013-14 £66,000). At the end of the year, SCTE accrued a gift aid payment to the Institute equal to its taxable profit of £150,000 (2013-14 £83,808).

During the year the Institute received donations from Martin Halusa of £1,095,000 (2013-14 £58,400), Professor Deborah Swallow of £27,762 (2013-14 £14,500), James Hughes-Hallett of £7,250 (2013-14 £7,000), Daniella Luxembourg of £- (2013-14 £5,000), Sir Angus Stirling of £10,000 (2013-14 £2,500), Dr Jim Cuno £- (2013-14 £2,418), Andrew Adcock £500 (2013-14 £1,000) and Dr Nicholas Penny £200 (2013-14 £-). All eight are or were Directors of the Institute during the year.

No payment was made to any director for expenses relating to their role as a Director (2013-14: £Nil).

33. CONTROLLING PARTY

The Courtauld is a company limited by guarantee without any share capital and members, hence there is no controlling party.



courtauld.ac.uk

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